Answers Exercises 1 through 4:

Answer to Exercise 1

a., b., c., and d.

Answer to Exercise 2

Yes—c., and d.

No—a., and b.

Answer to Exercise 3

c., d., and e.

Answer to Exercise 4

Yes—a., and d.

No—b., and c.

MATERIALS

CONTENTS

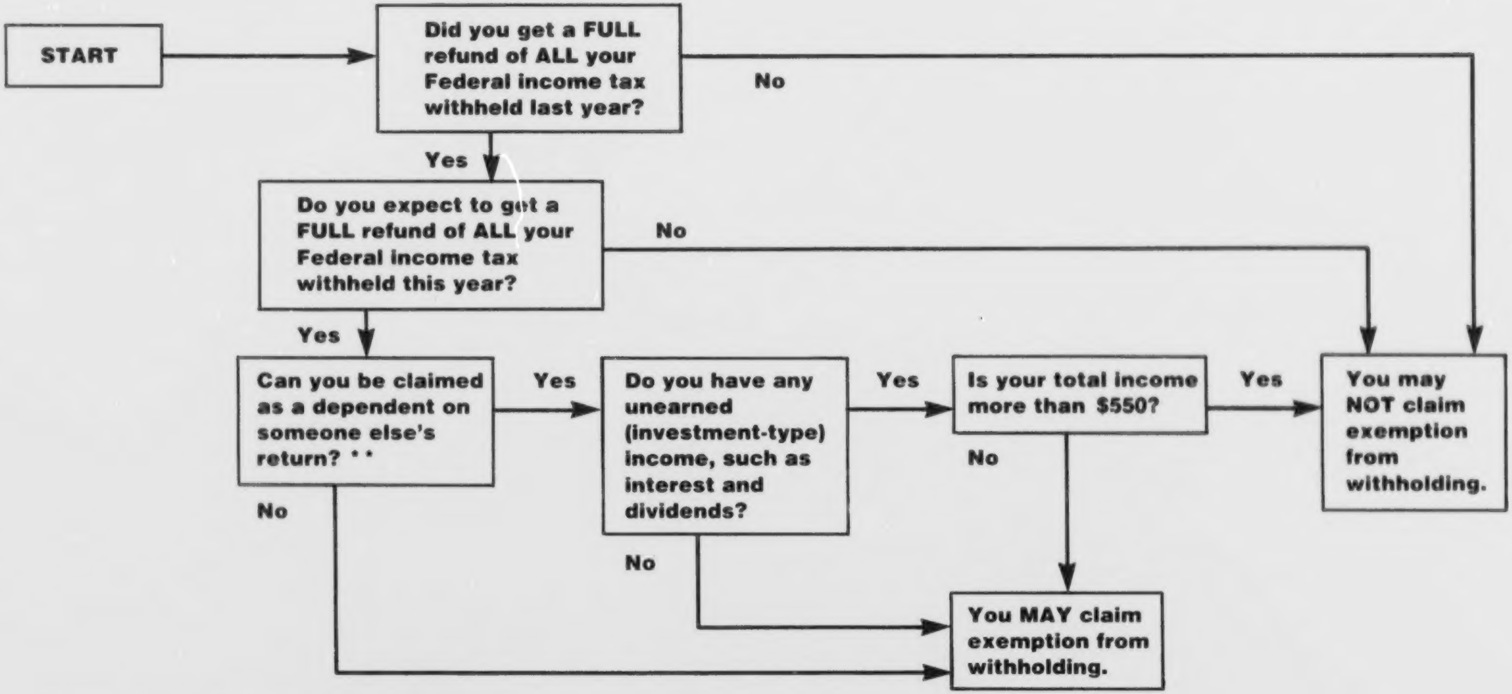
Seven transparencies, eighteen pages of sample forms, two pages of Tax Tables, and fifteen student handouts.

UNIT

LESSON A: HANDOUT 2A-1

Are You Exempt from Withholding?

Begin at START and follow the arrows. At each question box, follow the arrow to your next answer.


START
Did you get a FULL refund of ALL your Federal income tax withheld last year?
No
Yes
Do you expect to get a FULL refund of ALL your Federal income tax withheld this year?
No
Yes
Can you be claimed as a dependent on someone else's return? **
Yes
Do you have any unearned (investment-type) income, such as interest and dividends?
Yes
Is your total income more than $550?
Yes
You may NOT claim exemption from withholding.
No
No
No
You MAY claim exemption from withholding.

** See handout 2A-2, "The Dependency Tests."

LESSON A: HANDOUT 2A–2

The Dependency Tests

There are five tests to determine whether someone is your dependent: relationship, married person, citizen or resident, income, and support tests. **Each dependent must meet all five of the following tests.**

Test 1: Relationship

Your dependent must be either your relative or someone who lived in your home as a member of your household all year. Any relationships established by marriage are not treated as ended by divorce or death. The relationship must not violate local law.

The following are considered your *relatives:*

- Your child. Your child includes your son, daughter, stepchild, adopted child; a child who lived in your home as a family member if placed with you by an authorized placement agency for legal adoption; and a foster child (any child who lived in your home as a family member for the whole year).
- Your grandchild, great-grandchild, etc.
- Your son-in-law, daughter-in-law.
- Your parent, grandparent, stepparent, parent-in-law.
- Your brother, sister, stepbrother, stepsister, brother-in-law, sister-in-law, half brother, half sister.
- If related by blood, your aunt, uncle, nephew, niece.

Test 2: Married person

Your married dependent cannot file a joint return. However, if neither the dependent nor the dependent's spouse is required to file, but they file a joint return to get a refund of all tax withheld, you may claim him or her if the other four tests are met.

Test 3: Citizen or resident

The dependent must be either a U.S. citizen or resident alien or a resident of Canada or Mexico or your adopted child who is not a U.S. citizen but who lived with you all year in a foreign country.

Test 4: Income

Generally, the dependent's gross income must be less than $2,150. Gross income does not include nontaxable income, such as welfare benefits or nontaxable social security benefits.

If your dependent was permanently and totally disabled and had income from services performed at a sheltered workshop school, that income is generally not included for purposes of the income test. For details, get Publication 501, **Exemptions, Standard Deduction, and Filing Information.**

Special rules for your child: Your child does not have to meet this income test if your child was under 19 at the end of 1991, or your child qualifies as a student and was under age 24 at the end of 1991.

Your child is a "student" if he or she:

- was enrolled as a student at a school during any five months of 1991 for the number of hours or classes that the school considers to be full-time, or
- took a full-time, on-farm training course during any five months of 1991. (The course had to be given by a school or a state, county, or local government agency.)

School includes technical, trade, and mechanical schools. It does not include on-the-job training courses or correspondence schools.

Test 5: Support

The general rule is that you had to provide over half the person's total support in 1991. If you file a joint return, support can come from either spouse. If you remarried, the support provided by your new spouse is treated as support coming from you. For exceptions to the support test, see the instructions for Form 1040.

Support includes food, a place to live, clothing, medical and dental care, and education. Support also includes such items as a car and furniture, but only if they are for the person's own use or benefit. In figuring total support, use the actual cost of these items. However, you should figure the cost of a place to live at its fair rental value. In figuring total support, you must include money used by the person for his or her own support, even if this money was not taxable. Examples are social security and welfare benefits, gifts, and savings.

Total support does not include items such as income tax, social security and Medicare taxes, life insurance premiums, scholarship grants, or funeral expenses.

LESSON A: HANDOUT 2X–1

Problems

Problem A1:

Jay R. Jones of 100 First Street, Metropolis, ID 83603, is single and works a few hours each month at his uncle's shop. He is a full-time student. Jay had no income tax liability last year, but he expects to earn between $300 and $400 in wages this year. He has no other income, and his parents claim him as a dependent on their tax return. His social security number is 999-00-1234. Fill out a correct Form W-4 for Jay.

Problem A2:

Jane J. Johnson of 24 Straight Street in Bigtown, ME 04748, is single and expects to earn about $12,000 this year as a laborer. She earned a little less last year but did pay income tax. No one claims Jane as a dependent, and she has no dependents. Her social security number is 999-00-5678. Fill out a correct Form W-4 for Jane. She has only one employer.

Problem A3:

Christina L. Steele of 3183 March Lane, Fair City, VA 22033, is single. She is a teacher's aide at a preschool. Her social security number is 123-00-9614. Her parents cannot claim her as a dependent. Last year, she had $75 income tax withheld; but she got it all back when she filed her tax return. This year, Christina expects to earn only $2,400 and wonders if she can claim exempt from withholding on Form W–4. Using Handout 2A–1, determine if Christina can claim exemption from income tax withholding. Then, fill out her Form W–4.

Problem A4:

Jennifer L. Teton of 1730 Jefferson Drive, St Paul, MN 55120 is single and a full-time high school student. To save money for college, she works at two jobs. Her social security number is 000-00-1243. Her parents claim her as a dependent. She got a full refund of all her federal income tax withheld last year. She expects to earn about $4,000 this year: $2,600 from one job and $1,400 from the other. Can she claim exemption from withholding? Fill out one Form W-4 for both of her jobs.

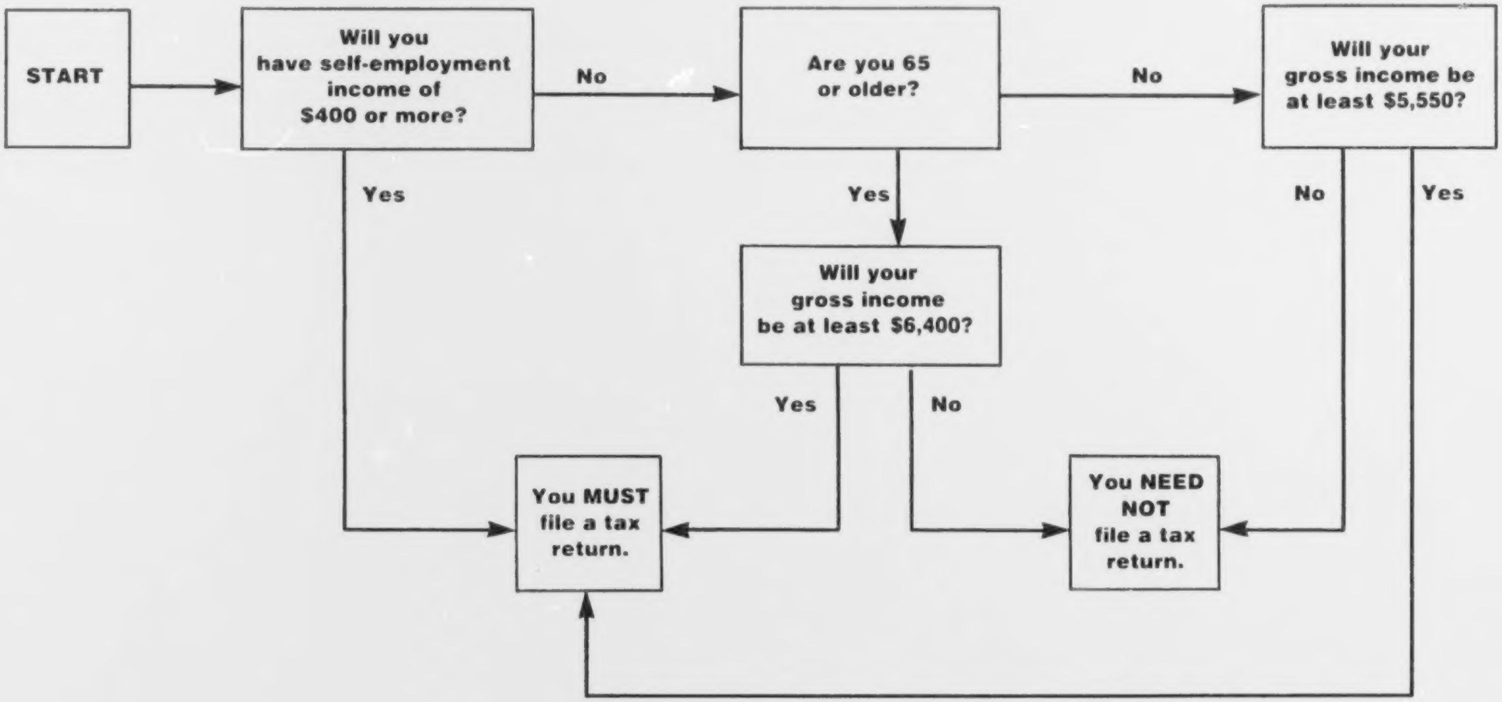
Problem A5:

Vera S. Smith is a full-time student and is single. Her address is 213 Robert St., Johnson City, ME 04689. Her SSN is 000-00-9876. She has a young son whom she will not be able to claim on her tax return. She does not qualify to file as head of household. She lives with her parents. They do not claim her as a dependent. She worked last year and earned enough so that she had to pay taxes. She expects to earn $5,000 this year from one part-time job. Is she able to claim exemption from withholding? Complete Form W-4 for her.

LESSON B: HANDOUT 2B-1

Should You File a Tax Return? Single Taxpayers who are not claimed as dependents

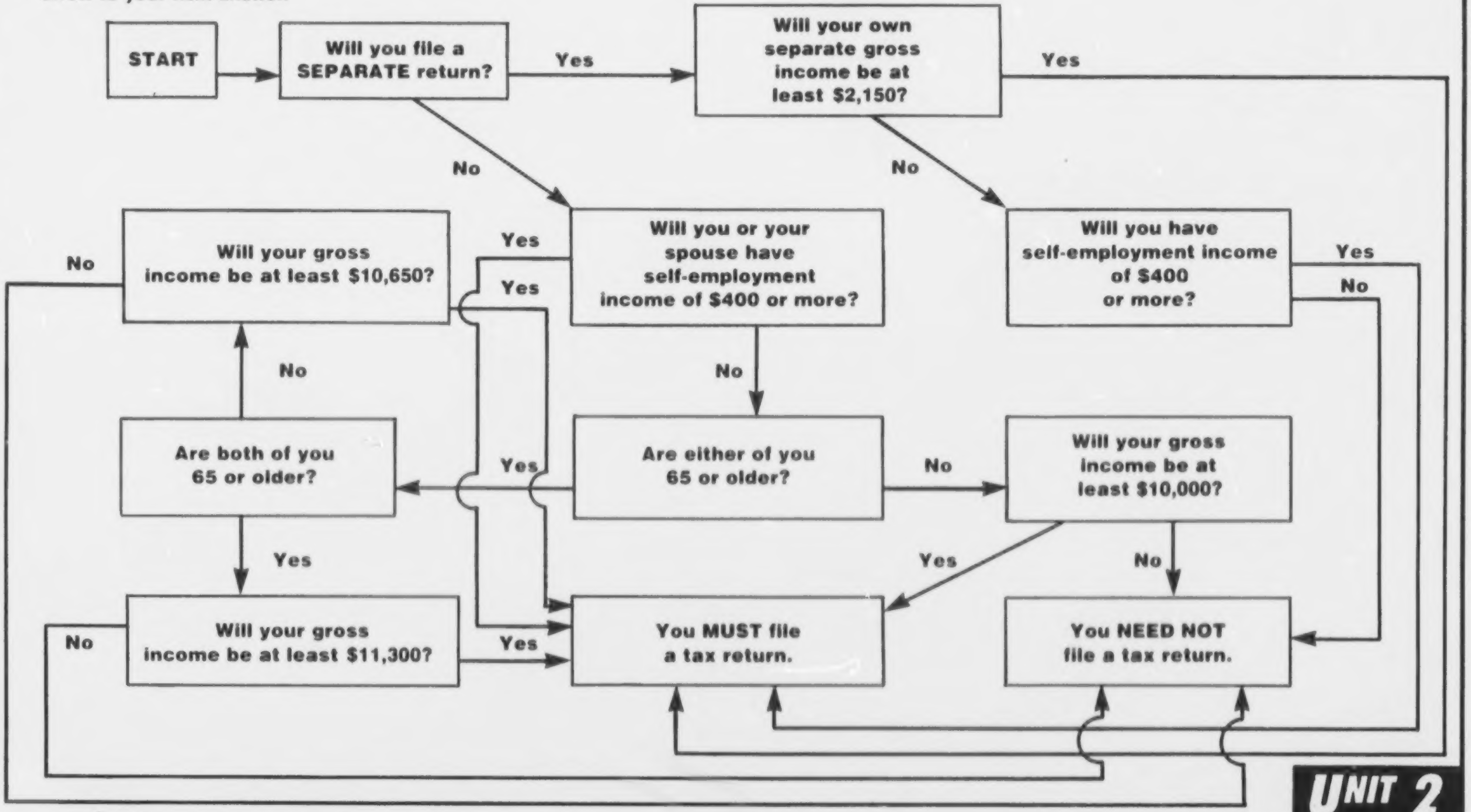
Not everyone must file a tax return. To find out whether you must file, begin at START and follow the arrows. At each question box, follow the arrow to your next answer.


START
Will you have self-employment income of $400 or more?
No
Yes
Are you 65 or older?
No
Yes
Will your gross income be at least $5,550?
No
Yes
Will your gross income be at least $6,400?
Yes
No
You MUST file a tax return.
You NEED NOT file a tax return.

LESSON B: HANDOUT 2B-1A

Should You File a Tax Return? Married Taxpayers who are not claimed as dependents

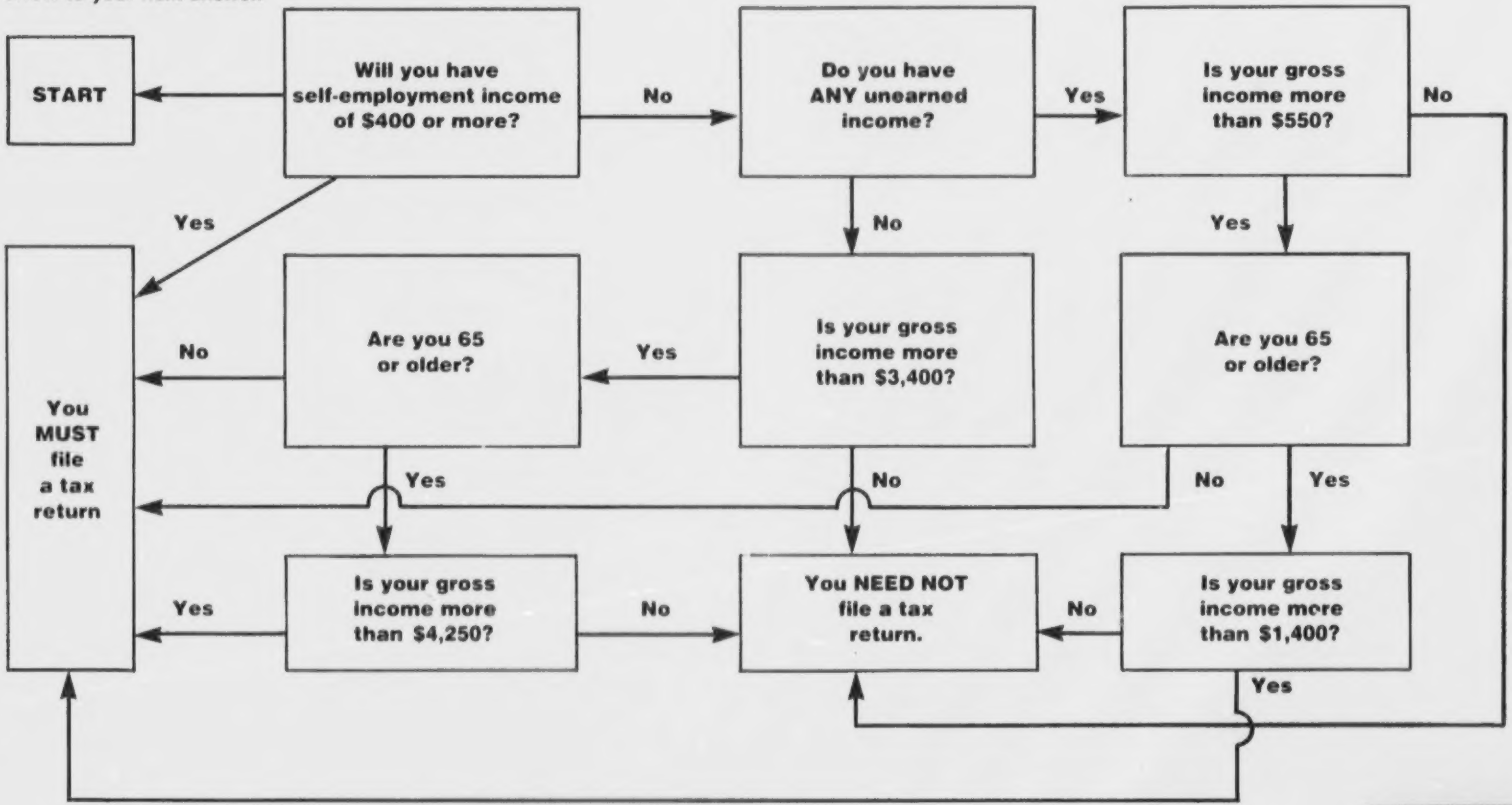
Not everyone must file a tax return. To find out whether you must file, begin at START and follow the arrows. At each question box, follow the arrow to your next answer.


START
Will you file a SEPARATE return?
Yes
Will your own separate gross income be at least $2,150?
Yes
No
No
Will your gross income be at least $10,650?
No
Yes
Yes
Will you or your spouse have self-employment income of $400 or more?
Will you have self-employment income of $400 or more?
Yes
No
No
No
Are both of you 65 or older?
Yes
Are either of you 65 or older?
No
Will your gross income be at least $10,000?
Yes
Yes
No
Will your gross income be at least $11,300?
No
Yes
You MUST file a tax return.
You NEED NOT file a tax return.

LESSON B: HANDOUT 2B-1B

Should You File a Tax Return? Single Dependents (Does not cover blind dependents)

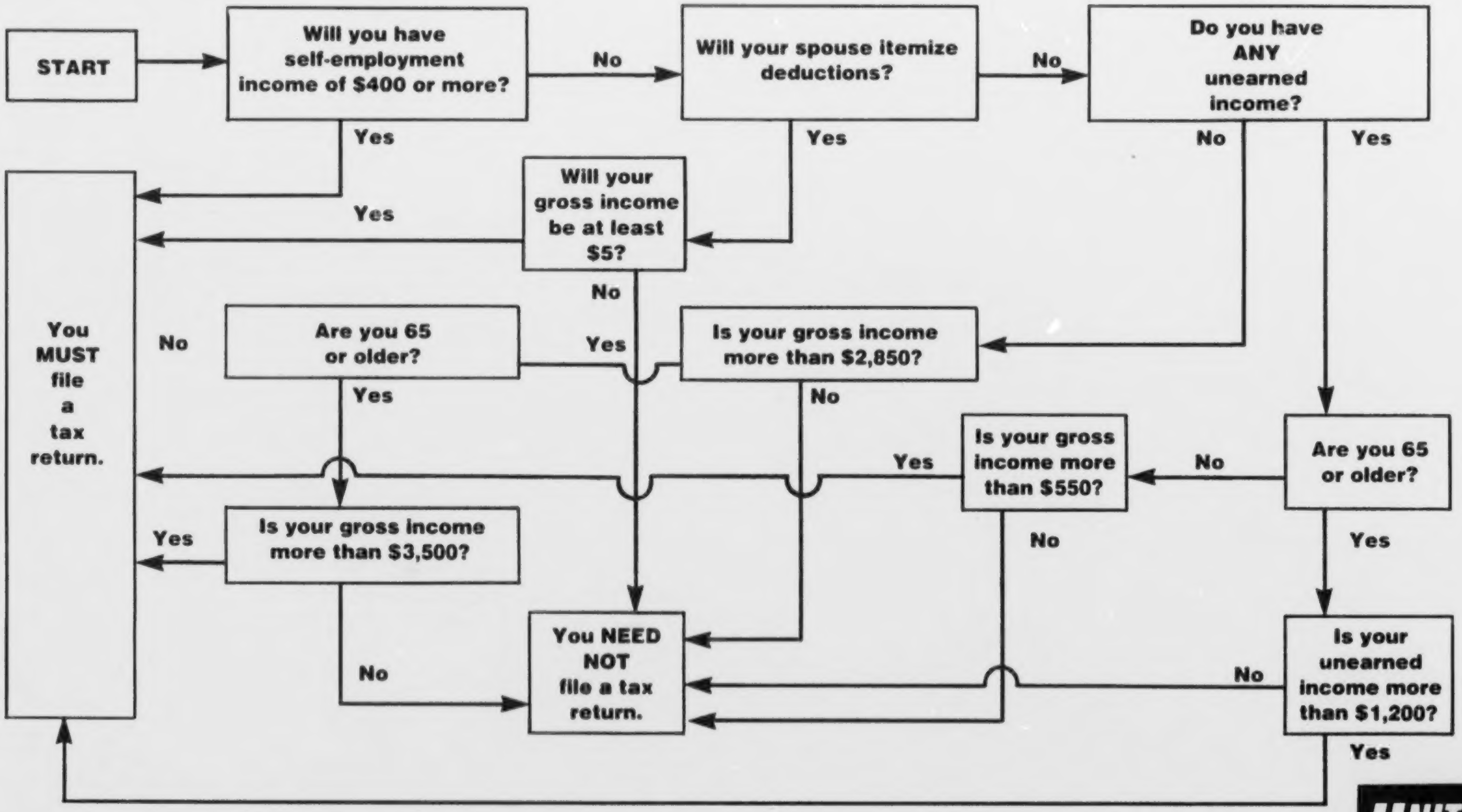
Not everyone must file a tax return. To find out whether you must file, begin at START and follow the arrows. At each question box, follow the arrow to your next answer.


START
Will you have self-employment income of $400 or more?
No
Yes
Do you have ANY unearned income?
Yes
No
Is your gross income more than $550?
No
Yes
You MUST file a tax return
Are you 65 or older?
No
Yes
Is your gross income more than $3,400?
Yes
No
Are you 65 or older?
No
Yes
Is your gross income more than $4,250?
Yes
No
You NEED NOT file a tax return.
Is your gross income more than $1,400?
No
Yes

LESSON B: HANDOUT 2B-1C

Should You File a Tax Return? Married Dependents (Does not cover blind dependents)

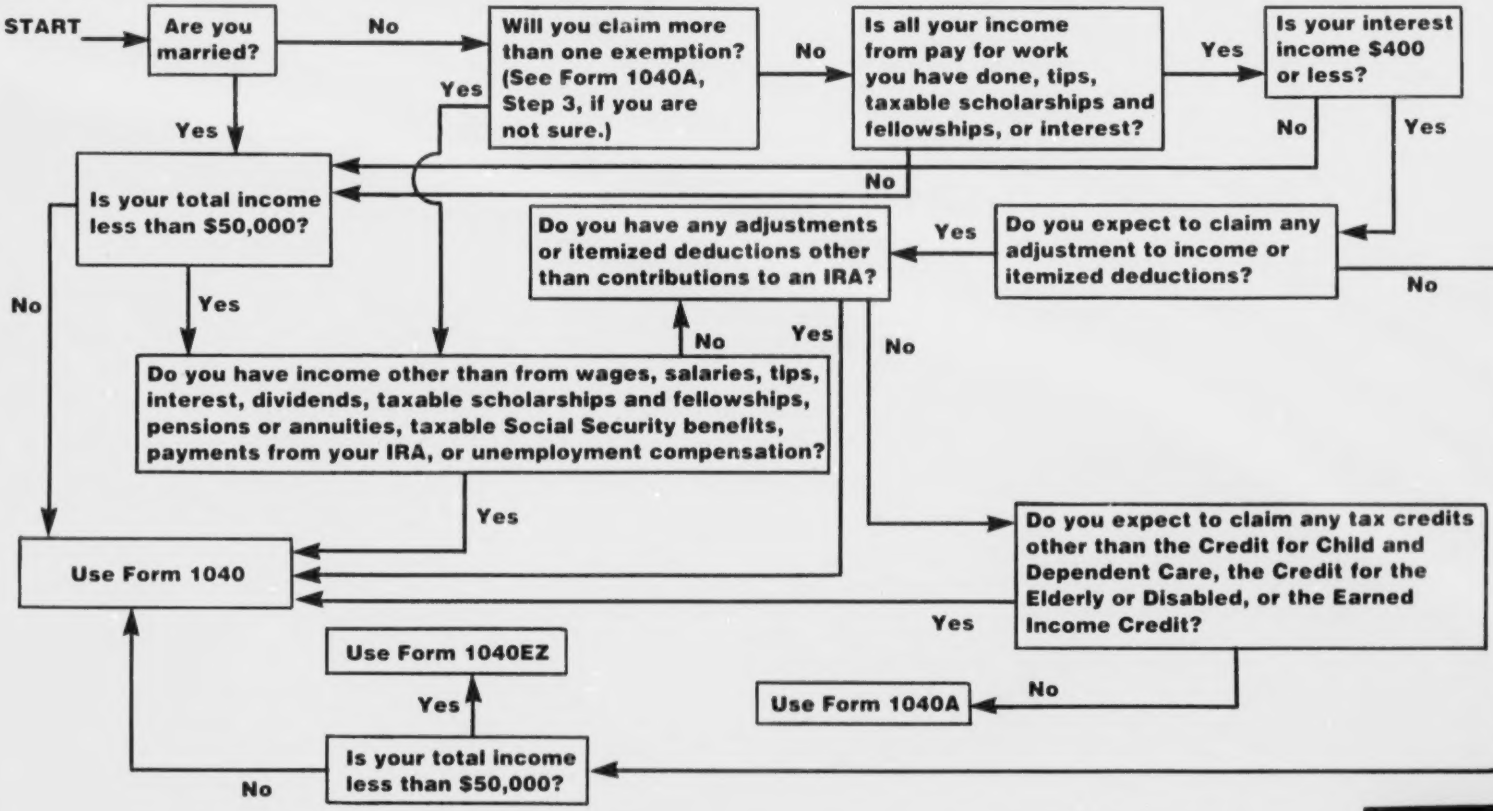
Not everyone must file a tax return. To find out whether you must file, begin at START and follow the arrows. At each question box, follow the arrow to your next answer.


START
Will you have self-employment income of $400 or more?
No
Will your spouse itemize deductions?
No
Do you have ANY unearned income?
Yes
Yes
No
Yes
Will your gross income be at least $5?
Yes
No
You MUST file a tax return.
No
Are you 65 or older?
Yes
Is your gross income more than $2,850?
Yes
No
Is your gross income more than $550?
Yes
No
Are you 65 or older?
Yes
Is your gross income more than $3,500?
Yes
No
No
You NEED NOT file a tax return.
Is your unearned income more than $1,200?
No
Yes

LESSON B: HANDOUT 2B-2

Which Tax Return Should You Use?

There are three tax forms for individual taxpayers: Form 1040EZ, Form 1040A, and Form 1040. The first of these is the simplest, and the third is the most complex. To see which form you should use, begin at START and follow the arrows. At each question box, follow the arrow to your next answer.


START
Are you married?
No
Yes
Will you claim more than one exemption? (See Form 1040A, Step 3, if you are not sure.)
No
Yes
Is all your income from pay for work you have done, tips, taxable scholarships and fellowships, or interest?
Yes
No
Is your interest income $400 or less?
No
Yes
Is your total income less than $50,000?
No
Yes
Do you have any adjustments or itemized deductions other than contributions to an IRA?
Yes
No
Do you expect to claim any adjustment to income or itemized deductions?
Yes
No
Do you have income other than from wages, salaries, tips, interest, dividends, taxable scholarships and fellowships, pensions or annuities, taxable Social Security benefits, payments from your IRA, or unemployment compensation?
No
Yes
Use Form 1040
Do you expect to claim any tax credits other than the Credit for Child and Dependent Care, the Credit for the Elderly or Disabled, or the Earned Income Credit?
Yes
No
Use Form 1040EZ
Yes
Use Form 1040A
Is your total income less than $50,000?
No

LESSON B: HANDOUT 2B–3

Form 1040EZ Step-by-Step

What you'll need . . .

____ Forms W-2 – one for each job held during the year.

____ Forms 1099-INT – if you received interest income.

____ Pencil/pen, scratch paper.

____ Calculator.

____ Blank Form 1040EZ.

Step 1: Name and address

____ If you do not have a peel-off mailing label, print your name and address carefully. (Otherwise, save the mailing label to apply when you are sure your return is complete and correct.)

____ Enter your social security number. (See box 5 of your Form W-2.)

____ If you want $1 to go to the Presidential Election Campaign Fund, check "Yes."

Step 2: Report your income

____ Add the amounts in box 10 of your Forms W-2. Put the total on line 1.

____ If you received interest income, put the total of the amounts from box 1 of your Forms 1099-INT on line 2. (If over $400, you cannot use Form 1040EZ.)

____ Double-check your addition for line 3.

____ Check handout 2A-2, "The Dependency Tests," to find out if you should check "Yes" or "No" for line 4.

____ If you can be claimed as a dependent, check "Yes" and see the worksheet on the back of Form 1040EZ.

____ If you checked line 4, "No," then, enter $5,550.

____ Double-check subtraction for line 5.

Step 3: Figure your tax

____ Add the amounts in box 9 of your Forms W-2. Put the total on line 6.

____ Find your tax by using the singles column of the Tax Tables and looking for your taxable income (line 5). Write your tax on line 7.

____ Double-check that you copied correctly the figures from your Forms W-2 and the Tax Tables.

Step 4: Refund or amount you owe

____ Look at lines 6 and 7 again. Check whether line 6 or line 7 is larger.

____ If line 6 is larger, you should complete line 8. Subtract line 7 from line 6, and put the result on line 8. This is your refund.

____ If line 7 is larger, you should complete line 9. Subtract line 6 from line 7, and put the result on line 9. This is the amount you owe.

Step 5: Sign your return

____ Double-check your addition and subtraction.

____ Read the words in bold letters at the bottom of the form, then sign and date it.

____ Attach your mailing label; make any necessary corrections directly on the label.

____ Attach Copy B of each Form W-2.

____ If you owe more tax, attach your check or money order made payable to "Internal Revenue Service." Write your social security number, address, daytime phone number, and "1991 Form 1040EZ" on it.

____ Make a copy of the tax return for your records.

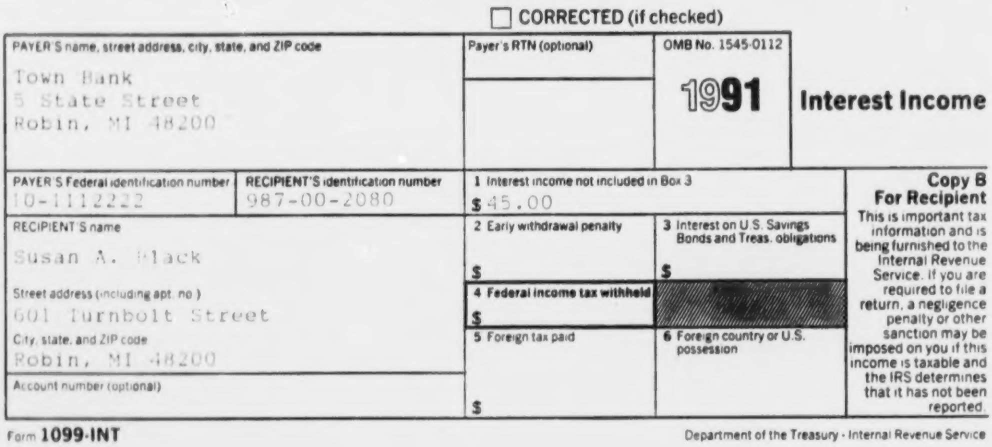
____ Mail your return by April 15, 1992.

LESSON B: HANDOUT 2X-2

Problems and Exercises

Problem B1:

Using this Form W-2 and Form 1099-INT information, fill out a correct Form 1040EZ for Susan A. Black. She is single and cannot be claimed as a dependent on another person's return. She wants $1 to go to the Presidential Election Campaign Fund.

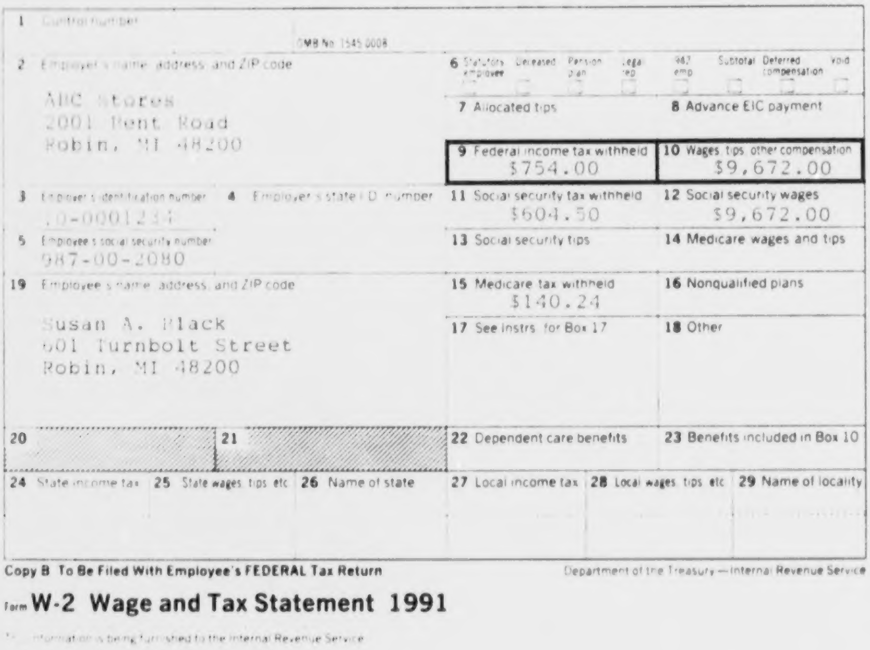


☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, and ZIP code Town Bank 5 State Street Robin, MI 48200	Payer's RTN (optional)	OMB No. 1545-0112 1991	Interest Income
PAYER'S Federal identification number 10-1112222	RECIPIENT'S identification number 987-00-2080	1 Interest income not included in Box 3 $45.00	Copy B For Recipient
RECIPIENT'S name Susan A. Black		2 Early withdrawal penalty $	3 Interest on U.S. Savings Bonds and Treas. obligations $
Street address (including apt. no.) 601 Turnbolt Street		4 Federal income tax withheld $	
City, state, and ZIP code Robin, MI 48200		5 Foreign tax paid $	6 Foreign country or U.S. possession
Account number (optional)			

This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

Form **1099-INT** Department of the Treasury - Internal Revenue Service



1 Control number OMB No. 1545-0008		
2 Employer's name, address, and ZIP code ABC Stores 2001 Bent Road Robin, MI 48200	6 Statutory employee ☐ Deceased ☐ Pension plan ☐ Legal rep. ☐ 942 emp. ☐ Subtotal ☐ Deferred compensation ☐ Void ☐	
	7 Allocated tips	8 Advance EIC payment
	9 Federal income tax withheld $754.00	10 Wages, tips, other compensation $9,672.00
3 Employer's identification number 10-0001234 4 Employer's state I.D. number	11 Social security tax withheld $604.50	12 Social security wages $9,672.00
5 Employee's social security number 987-00-2080	13 Social security tips	14 Medicare wages and tips
19 Employee's name, address, and ZIP code Susan A. Black 601 Turnbolt Street Robin, MI 48200	15 Medicare tax withheld $140.24	16 Nonqualified plans
	17 See Instrs. for Box 17	18 Other
20 / 21	22 Dependent care benefits	23 Benefits included in Box 10
24 State income tax / 25 State wages, tips, etc. / 26 Name of state	27 Local income tax / 28 Local wages, tips, etc.	29 Name of locality

Copy B To Be Filed With Employee's FEDERAL Tax Return Department of the Treasury—Internal Revenue Service

Form **W-2 Wage and Tax Statement 1991**

This information is being furnished to the Internal Revenue Service.

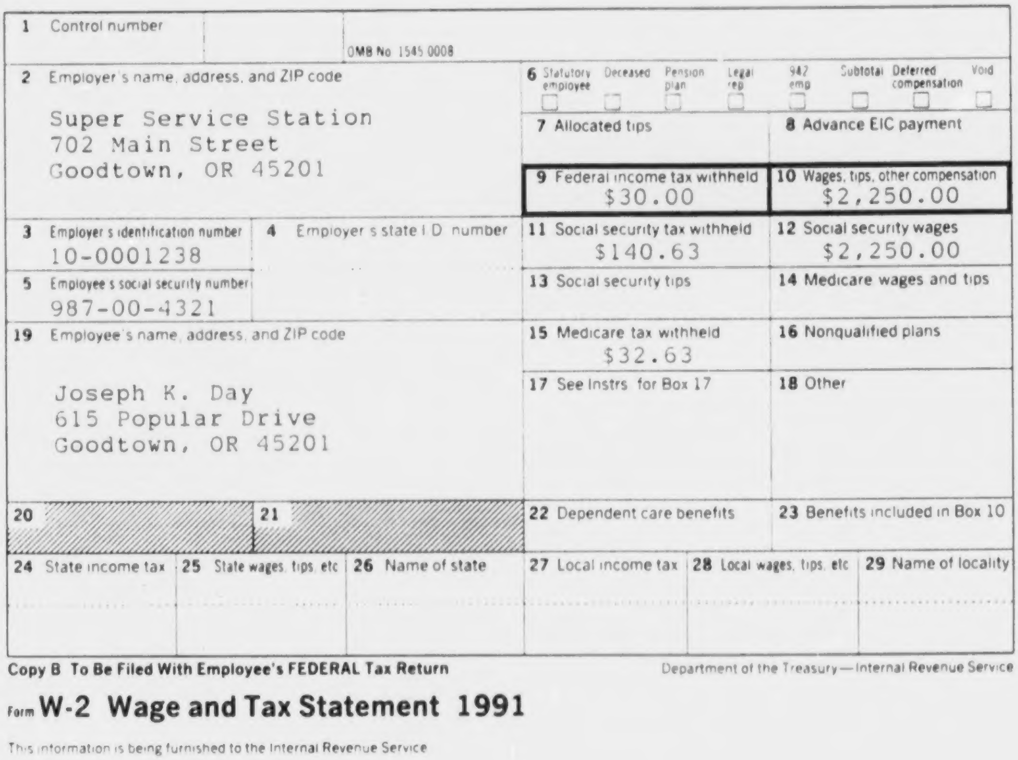
BEST COPY AVAILABLE

LESSON B: HANDOUT 2X-2 Continued:

Problems

Problem B2:

Using this Form W-2 information, complete Form 1040EZ for Joseph K. Day. He is age 16, is single, and is claimed as a dependent on his parents' return. He wants to contribute $1 to the Presidential Election Campaign Fund.



1 Control number		OMB No 1545 0008	
2 Employer's name, address, and ZIP code Super Service Station 702 Main Street Goodtown, OR 45201		6 Statutory employee ☐ Deceased ☐ Pension plan ☐ Legal rep ☐ 942 emp ☐ Subtotal ☐ Deferred compensation ☐ Void ☐	
		7 Allocated tips	8 Advance EIC payment
		9 Federal income tax withheld $30.00	10 Wages, tips, other compensation $2,250.00
3 Employer's identification number 10-0001238	4 Employer's state I.D. number	11 Social security tax withheld $140.63	12 Social security wages $2,250.00
5 Employee's social security number 987-00-4321		13 Social security tips	14 Medicare wages and tips
19 Employee's name, address, and ZIP code Joseph K. Day 615 Popular Drive Goodtown, OR 45201		15 Medicare tax withheld $32.63	16 Nonqualified plans
		17 See Instrs. for Box 17	18 Other
20	21	22 Dependent care benefits	23 Benefits included in Box 10

24 State income tax	25 State wages, tips, etc.	26 Name of state	27 Local income tax	28 Local wages, tips, etc.	29 Name of locality

Copy B To Be Filed With Employee's FEDERAL Tax Return

Department of the Treasury—Internal Revenue Service

Form **W-2 Wage and Tax Statement 1991**

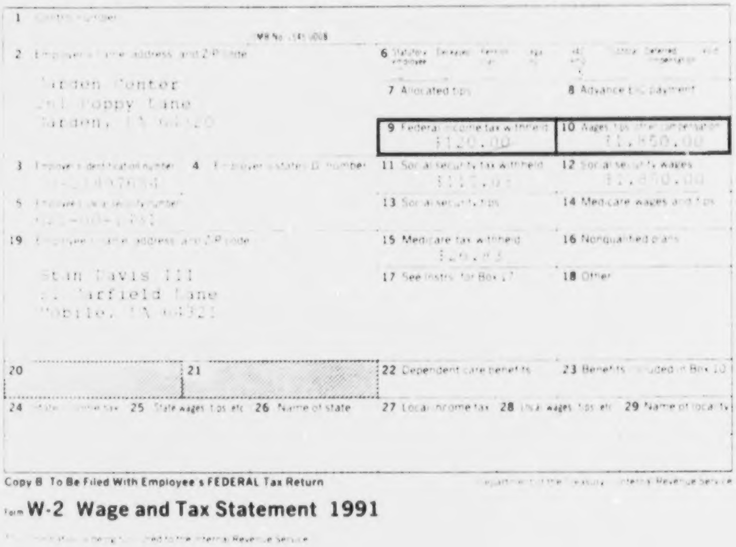
This information is being furnished to the Internal Revenue Service

LESSON B: HANDOUT 2X-2 Continued:

Problems

Problem B3:

Using the Form W-2 information for Stan Davis III, complete Form 1040EZ. Although he is single (age 18), his parents are claiming him on their tax return. Stan wants to contribute $1 to the Presidential Election Campaign fund.

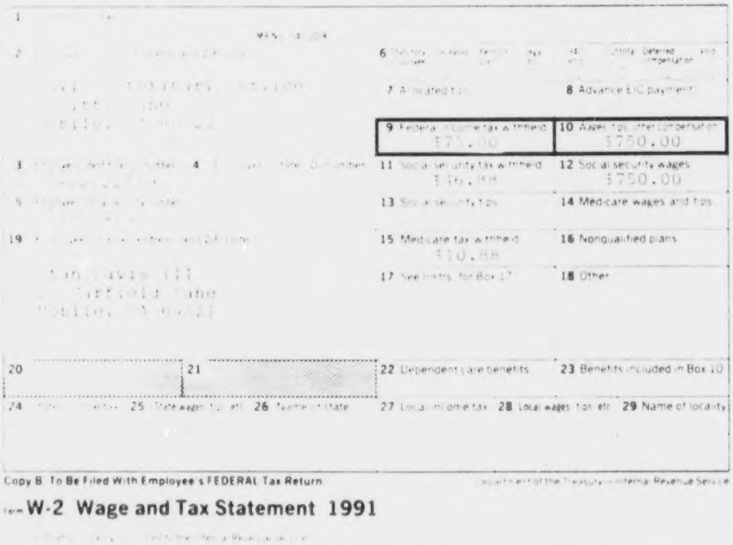


1 Control number
OMB No. 1545-0008
2 Employer's name, address, and ZIP code
Garden Center
[illegible] Poppy Lane
Garden, [illegible]
6 Statutory employee Deceased Pension plan Legal rep. 942 emp. Subtotal Deferred compensation Void
7 Allocated tips
8 Advance EIC payment
9 Federal income tax withheld $120.00
10 Wages, tips, other compensation $1,850.00
3 Employer's identification number [illegible]
4 Employer's state I.D. number
11 Social security tax withheld [illegible]
12 Social security wages $1,850.00
5 Employee's social security number [illegible]
13 Social security tips
14 Medicare wages and tips
19 Employee's name, address and ZIP code
Stan Davis III
[illegible] Garfield Lane
Mobile, [illegible]
15 Medicare tax withheld [illegible]
16 Nonqualified plans
17 See Instrs. for Box 17
18 Other
20
21
22 Dependent care benefits
23 Benefits included in Box 10
24 State income tax
25 State wages, tips, etc.
26 Name of state
27 Local income tax
28 Local wages, tips, etc.
29 Name of locality

Copy B To Be Filed With Employee's FEDERAL Tax Return
Department of the Treasury—Internal Revenue Service

Form W-2 Wage and Tax Statement 1991

This information is being furnished to the Internal Revenue Service.



1 Control number
OMB No. 1545-0008
2 Employer's name, address, and ZIP code
[illegible] Delivery Service
[illegible]
Mobile, [illegible]
6 Statutory employee Deceased Pension plan Legal rep. 942 emp. Subtotal Deferred compensation Void
7 Allocated tips
8 Advance EIC payment
9 Federal income tax withheld [illegible]
10 Wages, tips, other compensation $750.00
3 Employer's identification number [illegible]
4 Employer's state I.D. number
11 Social security tax withheld [illegible]
12 Social security wages $750.00
5 Employee's social security number [illegible]
13 Social security tips
14 Medicare wages and tips
19 Employee's name, address and ZIP code
Stan Davis III
[illegible] Garfield Lane
Mobile, [illegible]
15 Medicare tax withheld $10.88
16 Nonqualified plans
17 See Instrs. for Box 17
18 Other
20
21
22 Dependent care benefits
23 Benefits included in Box 10
24 State income tax
25 State wages, tips, etc.
26 Name of state
27 Local income tax
28 Local wages, tips, etc.
29 Name of locality

Copy B To Be Filed With Employee's FEDERAL Tax Return
Department of the Treasury—Internal Revenue Service

Form W-2 Wage and Tax Statement 1991

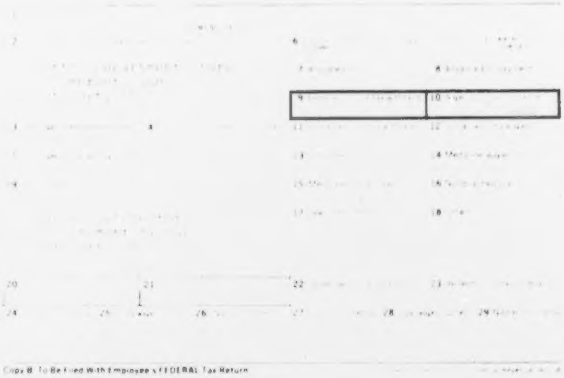
This information is being furnished to the Internal Revenue Service.

LESSON B: HANDOUT 2X–2 Continued:

Problems

Problem B4:

Jane W. Winchester is a 19-year old student at West Port College. She changed from one part-time job to another during the year. Her only other income was the interest earned from her savings. She wants $1 to be designated for the Presidential Election Campaign Fund. Jane is single and has no dependents. She is claimed as a dependent on her parents' return. Using all available information, prepare Jane's 1991 Form 1040EZ.



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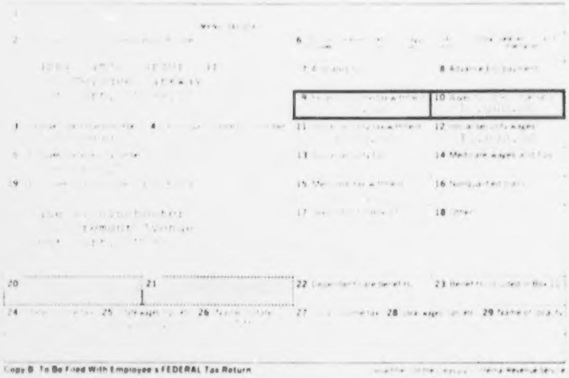
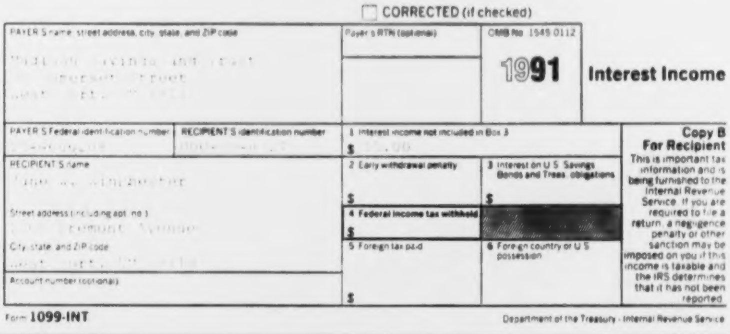
W-2 Wage and Tax Statement 1991



Copy B To Be Filed With Employee's FEDERAL Tax Return

W-2 Wage and Tax Statement 1991



☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, and ZIP code

Payer's RTN (optional)

OMB No. 1545-0112

1991

Interest Income

PAYER'S Federal identification number

RECIPIENT'S identification number

1 Interest income not included in Box 3 $

RECIPIENT'S name

2 Early withdrawal penalty $

3 Interest on U.S. Savings Bonds and Treas. obligations $

Street address (including apt. no.)

4 Federal income tax withheld $

City, state, and ZIP code

5 Foreign tax paid $

6 Foreign country or U.S. possession

Account number (optional)

Copy B For Recipient

This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

Form **1099-INT**

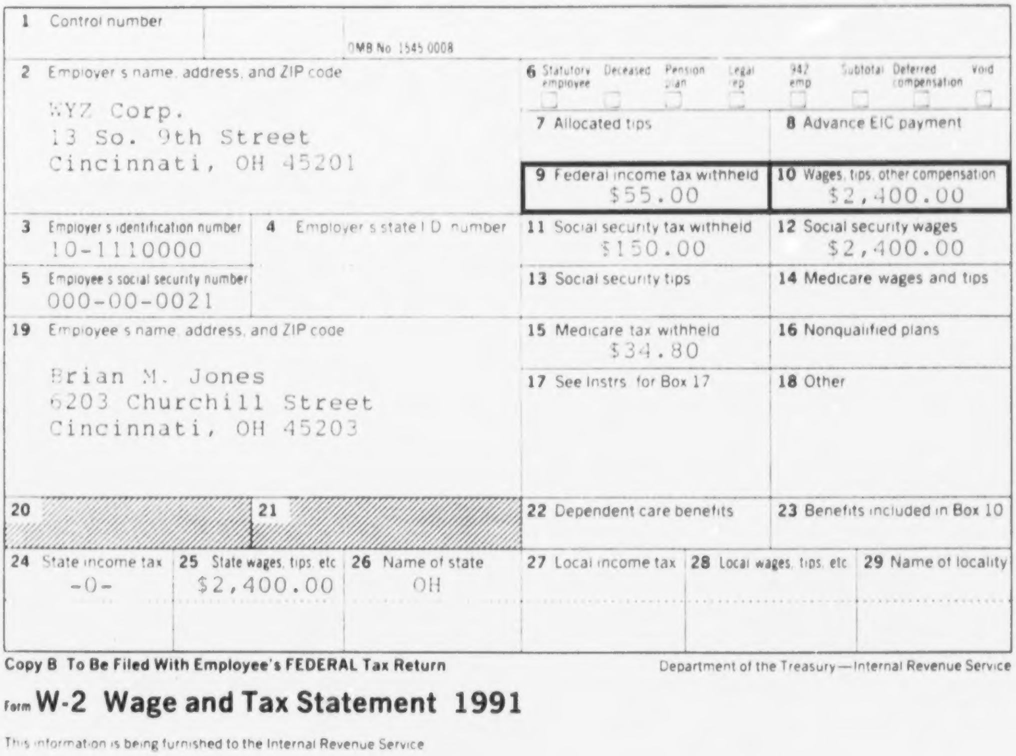
Department of the Treasury - Internal Revenue Service

LESSON B: HANDOUT 2X–2 Continued:

Problems

Problem B5:

Please complete a Form 1040EZ for Brian M. Jones. He is single, 17 years old, and cannot be claimed as a dependent on his parents' return. He does not want to contribute to the Presidential Election Campaign Fund. His address is 6203 Churchill St., Cincinnati, OH 45203. His social security number is 000-00-0021.



1 Control number

OMB No. 1545 0008

2 Employer's name, address, and ZIP code

XYZ Corp.
13 So. 9th Street
Cincinnati, OH 45201

6 Statutory employee ☐ Deceased ☐ Pension plan ☐ Legal rep ☐ 942 emp ☐ Subtotal ☐ Deferred compensation ☐ Void ☐

7 Allocated tips

8 Advance EIC payment

9 Federal income tax withheld: $55.00

10 Wages, tips, other compensation: $2,400.00

3 Employer's identification number: 10-1110000

4 Employer's state I.D. number

11 Social security tax withheld: $150.00

12 Social security wages: $2,400.00

5 Employee's social security number: 000-00-0021

13 Social security tips

14 Medicare wages and tips

19 Employee's name, address, and ZIP code

Brian M. Jones
6203 Churchill Street
Cincinnati, OH 45203

15 Medicare tax withheld: $34.80

16 Nonqualified plans

17 See Instrs. for Box 17

18 Other

20

21

22 Dependent care benefits

23 Benefits included in Box 10

24 State income tax	25 State wages, tips, etc.	26 Name of state	27 Local income tax	28 Local wages, tips, etc.	29 Name of locality
-0-	$2,400.00	OH			

Copy B To Be Filed With Employee's FEDERAL Tax Return

Department of the Treasury—Internal Revenue Service

Form **W-2 Wage and Tax Statement 1991**

This information is being furnished to the Internal Revenue Service

LESSON B: HANDOUT 2X–2 Continued:

Exercise 1:

Which of the following types of income can be reported on a 1040A?

_____A. Interest from a savings and loan

_____B. Partially-taxable pensions

_____C. Social security benefits

_____D. Dividends

_____E. Self-employment income

Exercise 2:

May the following taxpayers file a Form 1040EZ? (Yes or No)

_____A. Single, no dependents, age 67, $20,000 taxable income

_____B. Single, age 52, $12,000 wages, $600 interest income, no dependents

_____C. Single, age 37, $22,000 wages, no other income, no dependents

_____D. Single, age 19, $4,000 wages, no other income, not claiming any dependents

Exercise 3:

Which of the following types of income can be reported on a Form 1040A?

_____A. Lottery winnings

_____B. Self-employment income

_____C. Interest from a savings and loan

_____D. Fully-taxable pensions

_____E. Unemployment compensation

Exercise 4:

May the following taxpayers file a Form 1040EZ? (Yes or No)

_____A. Single, no dependents, wages of $49,000, interest income of $300, no other income, age 37, not itemizing or claiming adjustments

_____B. Married filing separately, no dependents, interest of $325, wages of $22,000, age 43, not itemizing

_____C. Single, retired, taxable pension on Form 1099-R of $8,000 no other income, age 58, not itemizing

_____D. Single, W-2 wages of $9,000, lives at home but is not a dependent, age 23, not itemizing

LESSON C: HANDOUT 2C-1

Form 1040A Step-by-Step

What you'll need. . .

____ Forms W-2 – one for each job held during the year.

____ Forms 1099-INT – if you received interest income.

____ Pencil/pen, scratch paper.

____ Calculator.

____ Blank Form 1040A and Schedules

____ Social security numbers for you, your spouse, and your dependents one year of age or older.

Step 1: Name and address

____ If you do not have a peel-off mailing label, print your name and address carefully. (Otherwise, save the mailing label to apply when you are sure your return is complete and correct.)

____ Enter your social security number (and your spouse's when applicable).

____ If you want $1 to go to the Presidential Election Campaign Fund, check "Yes."

Step 2: Check your filing status

____ If you are single, check box 1. (See handout 2B-2, "Which Tax Form Should You Use?" to find out whether you can use Form 1040EZ instead.)

____ If you are married and want to take advantage of lower tax rates by filing a joint return, check box 2.

____ If you are married and want to file separately from your spouse, check box 3.

____ If you are unmarried or do not live with your spouse and you have an unmarried child living with you, you may qualify as head of household. (See the Instructions for Form 1040A for more information about head of household status.) If you qualify, then check box 4.

____ If your spouse died in 1989 or 1990 and you did not remarry in 1991, you may be able to file as qualifying widow(er) with dependent child. (See Form 1040A instructions for more information.) If you qualify, check box 5.

Step 3: Figure your exemptions

____ Take an exemption for yourself by checking box 6a unless you can be claimed as a dependent on someone else's tax return. (See handout 2A-2, "The Dependency Tests.")

____ Take an exemption for your spouse on a joint return by checking box 6b. On a separate return, you can take an exemption only if he or she had no income, is not filing a return, and cannot be claimed as a dependent on someone else's tax return.

____ Take an exemption for each person who qualifies as your dependent. (See handout 2A-2.) Write their names and other information on line 6c, "Dependents."

____ Complete the lines at the right, and add the total number of exemptions. Put the total in the large box to the right of line 6e.

Step 4: Figure your total income

____ Add the amounts in box 10 of your Forms W-2. Put the total on line 7.

____ If you received interest income, put the total from box 1 of your Forms 1099-INT on line 8a.

____ If line 8a is more than $400, put the name of each party who paid you interest and the amount on Part I of Schedule 1. Put your name and social security number on Schedule 1, and save it to attach to your return.

____ If you received nontaxable interest income, write the amount on line 8b.

____ If you think lines 9 through 13b could apply, see the form instructions.

____ Add lines 7 through 13b. (Do not include line 8b.) Write the total on line 14. Double-check your addition. This is your total income.

UNDERSTANDING TAX FORMS

LESSON C: HANDOUT 2C–1

Step 5: Figure your adjusted gross income

____ If you think lines 15a through 15c apply, see the forms instructions.

____ If lines 15a-c do not apply, write the amount from line 14 on line 16. This is your adjusted gross income.

Step 6: Figure your taxable income

____ Put the line 16 amount on line 17 too.

____ Look back at line 6. If you did not check box 6a, check the box for line 18b. You probably will not check lines 18a or 18c.

____ Look back at lines 1-5; see which box you checked.

____ If you did not check lines 18a, 18b, or 18c then on line 19, put:

- $3,400 if you checked the box on line 1.
- $5,700 if you checked the box on line 2.
- $2,850 if you checked the box on line 3.
- $5,000 if you checked the box on line 4.
- $5,700 if you checked the box on line 5.

____ If you did check line 18b, do the "Standard Deduction Worksheet for Dependents" on handout 2C-2. Then, enter your standard deduction on line 19.

____ Double-check your math for line 20.

____ Look at line 6e. Multiply line 6e times $2,150. Put the total on line 21.

____ Double-check your math for line 22. This is your taxable income.

Step 7: Figure your tax, credits, and payments

____ Find your tax by using the column that applies to you on the Tax Tables and looking for your taxable income (line 22). Check the box for Tax Table, and write the tax on line 23.

____ If you think lines 24a or 24b applies, see the form instructions. If either line applies, fill in as appropriate either Schedule 2 or Schedule 3.

____ If lines 24a and b do not apply, copy line 23 on line 25.

____ If you think line 26 could apply, see the form instructions.

____ Add the amounts in box 9 of your Forms W-2. Put the total on line 28a. If you think lines 28b or 28c could apply, see the form instructions.

____ Add lines 28a to 28c. Put the total on line 28d. These are your total payments.

Step 8: Figure your refund or amount you owe

____ Look at lines 28d and 27 again. Check whether line 27 or line 28d is larger.

____ If line 28d is larger, you should complete line 29. Subtract line 27 from line 28d, and put the result on line 29. This is the amount you overpaid.

____ You can choose to have all or part of line 29 refunded to you (line 30). The remainder, if any, can be applied to your estimated tax for 1992 (line 31). For details, see form instructions.

____ If line 27 is larger, you should complete line 32. Subtract line 28d from line 27, and put the result on line 32. This is the amount you owe.

Step 9: Sign your return

____ Read the words in bold letters at the bottom of the form. Then sign and date your return, and write in your occupation.

____ Attach your mailing label. Make any necessary corrections directly on it.

____ Attach Copy B of each Form W-2.

____ If you owe more tax, attach your check or money order made payable to "Internal Revenue Service." Write your social security number, address, daytime phone number, and "1991 Form 1040A" on it.

____ Copy the tax return for your records.

____ Mail your return by April 15, 1992.

LESSON C: HANDOUT 2X-3

Problems

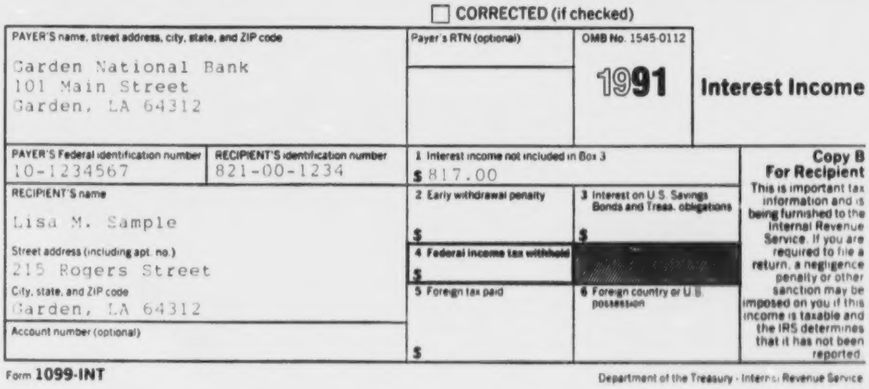
Problem C1:

Use the following information to complete Form 1040A for Eric H. Richards. Eric is 16 years old, single, and has good eyesight. He worked as a clerk in a video store. Total wages of $3,200 were reported on the Form W-2. He can be claimed as a dependent on his parents' return. He wants to contribute $1 to the Presidential Election Campaign Fund. Here is his full name and address, his social security number, the amount withheld from his pay by his employer, and the interest he received on his savings account at Bryan National Bank:

Eric H. Richards 514 Tenth Street Bryan, KY 54612 SS# 059-00-3212	Amount of federal income tax withheld and reported on Form W-2: $145	Interest income reported on Form 1099-INT: $900

Problem C2:

Use this Form W-2 and Form 1099-INT information to complete Form 1040A for Lisa M. Sample. She is 17 years old, is single, is claimed by her parents as a dependent on their return, and does not want to contribute to the Presidential Election Campaign Fund.



☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, and ZIP code
Garden National Bank
101 Main Street
Garden, LA 64312

Payer's RTN (optional)

OMB No. 1545-0112

1991 **Interest Income**

PAYER'S Federal identification number: 10-1234567

RECIPIENT'S identification number: 821-00-1234

1 Interest income not included in Box 3: $ 817.00

RECIPIENT'S name
Lisa M. Sample

Street address (including apt. no.)
215 Rogers Street

City, state, and ZIP code
Garden, LA 64312

Account number (optional)

2 Early withdrawal penalty: $

3 Interest on U.S. Savings Bonds and Treas. obligations: $

4 Federal income tax withheld: $

5 Foreign tax paid: $

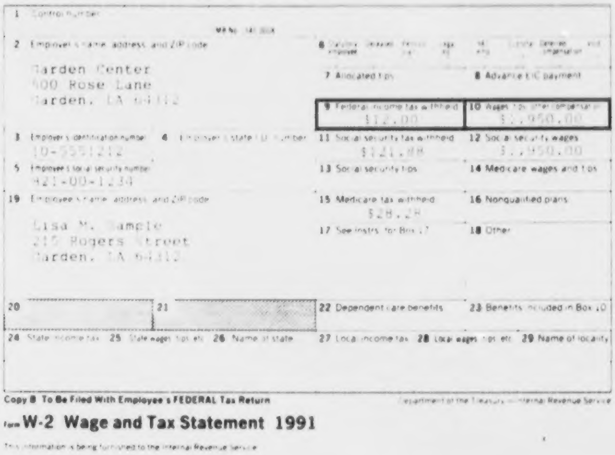
6 Foreign country or U.S. possession

Copy B For Recipient

This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

Form **1099-INT**

Department of the Treasury - Internal Revenue Service



1 Control number

2 Employer's name, address, and ZIP code
Garden Center
500 Rose Lane
Garden, LA 64312

6 Statutory employee ☐ Deceased ☐ Pension plan ☐ Legal rep. ☐ 942 emp. ☐ Subtotal ☐ Deferred compensation ☐ Void ☐

7 Allocated tips

8 Advance EIC payment

9 Federal income tax withheld: $12.00

10 Wages, tips, other compensation: $1,950.00

3 Employer's identification number: 10-5551212

4 Employer's state I.D. number

11 Social security tax withheld: $121.88

12 Social security wages: $1,950.00

5 Employee's social security number: 821-00-1234

13 Social security tips

14 Medicare wages and tips

19 Employee's name, address, and ZIP code
Lisa M. Sample
215 Rogers Street
Garden, LA 64312

15 Medicare tax withheld: $28.28

16 Nonqualified plans

17 See Instrs. for Box 17

18 Other

20

21

22 Dependent care benefits

23 Benefits included in Box 10

24 State income tax

25 State wages, tips, etc.

26 Name of state

27 Local income tax

28 Local wages, tips, etc.

29 Name of locality

Copy B To Be Filed With Employee's FEDERAL Tax Return

Department of the Treasury—Internal Revenue Service

Form **W-2 Wage and Tax Statement 1991**

This information is being furnished to the Internal Revenue Service.

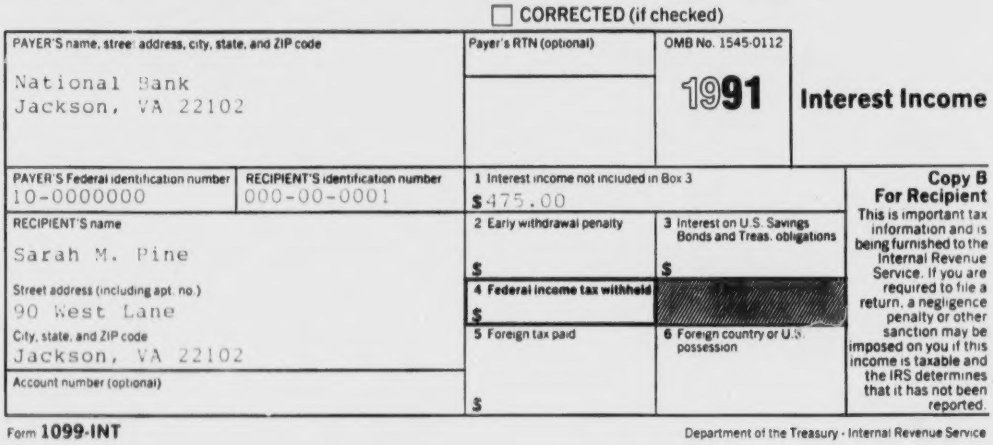
LESSON C: HANDOUT 2X–3 Continued:

Problem C3:

Please complete a Form 1040A for Sarah M. Pine. She is 17, single, and has good eyesight. She is claimed as a dependent on her mother's return. She wants to contribute $1 to the Presidential Election Campaign Fund.

She earned $3,000 as reported on her Form W-2. She also received $475 of interest income from National Bank.

She lives at 903 West Lane, Jackson, VA 22102. Her social security number is 000-00-0001.



☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, and ZIP code
National Bank
Jackson, VA 22102

Payer's RTN (optional)

OMB No. 1545-0112

1991 **Interest Income**

PAYER'S Federal identification number: 10-0000000

RECIPIENT'S identification number: 000-00-0001

1 Interest income not included in Box 3: $475.00

2 Early withdrawal penalty: $

3 Interest on U.S. Savings Bonds and Treas. obligations: $

4 Federal income tax withheld: $

5 Foreign tax paid: $

6 Foreign country or U.S. possession

RECIPIENT'S name: Sarah M. Pine

Street address (including apt. no.): 90 West Lane

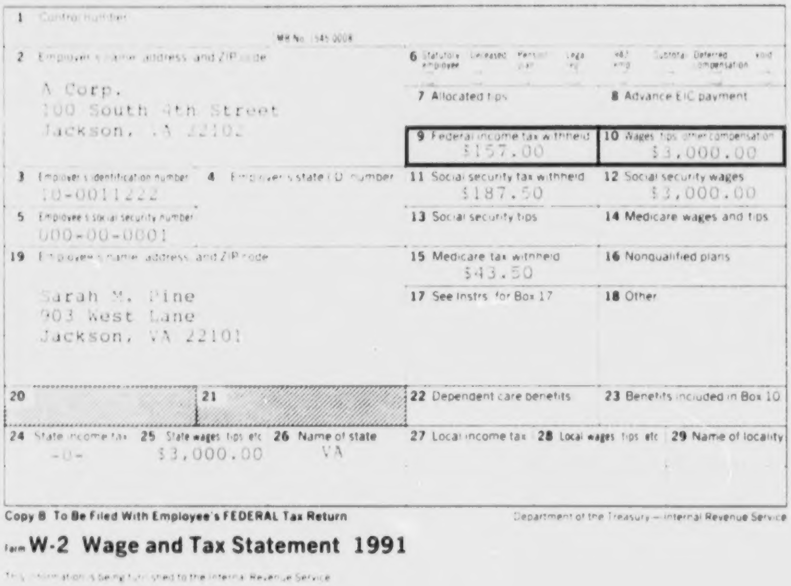
City, state, and ZIP code: Jackson, VA 22102

Account number (optional)

Copy B
For Recipient
This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.

Form **1099-INT**

Department of the Treasury - Internal Revenue Service



1 Control number

OMB No. 1545-0008

2 Employer's name, address, and ZIP code
A Corp.
100 South 4th Street
Jackson, VA 22102

6 Statutory employee / Deceased / Pension plan / Legal rep. / 942 emp. / Subtotal / Deferred compensation / Void

7 Allocated tips

8 Advance EIC payment

9 Federal income tax withheld: $157.00

10 Wages, tips, other compensation: $3,000.00

3 Employer's identification number: 10-0011222

4 Employer's state I.D. number

11 Social security tax withheld: $187.50

12 Social security wages: $3,000.00

5 Employee's social security number: 000-00-0001

13 Social security tips

14 Medicare wages and tips

19 Employee's name, address, and ZIP code
Sarah M. Pine
903 West Lane
Jackson, VA 22101

15 Medicare tax withheld: $43.50

16 Nonqualified plans

17 See Instrs. for Box 17

18 Other

20

21

22 Dependent care benefits

23 Benefits included in Box 10

24 State income tax: -0-

25 State wages, tips, etc.: $3,000.00

26 Name of state: VA

27 Local income tax

28 Local wages, tips, etc.

29 Name of locality

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Department of the Treasury — Internal Revenue Service

Form **W-2 Wage and Tax Statement 1991**

This information is being furnished to the Internal Revenue Service

LESSON A/B/C: HANDOUT 2Q

Quiz

Quiz Problem A1:

Eric M. Black of 37 North Main, Bryan, KY 54612, is single and expects to earn about $10,000 this year as a teacher's aide. He earned about $9,000 last year and did pay income tax. Eric cannot be claimed as a dependent, and he has no dependents. His social security number is 999-00-0721. Fill out a correct Form W-4 for Eric.

Quiz Problem A2:

Sue N. Jones of 217 West Mill Street, Johnson City, MN 56507, is single and works a few hours each month at the local bowling alley. She paid no income tax last year and expects to earn $450 this year. She is 17 years old and a full-time student. Her mother claims her as a dependent. She has no other income. Her social security number is 987-00-1200. Fill out a correct Form W-4 for Sue.

Quiz Problem A3:

Yolanda Moorhead of 1700 North West Street, Washington DC 20215, is single and a full-time student. She expects to earn about $4,500 this year. Last year she did not receive a refund of all of her withheld taxes. Her parents claim her as a dependent. Her social security number is 000-00-1202. Can she claim exemption from withholding? Fill out a correct Form W-4 for Yolanda.

Quiz Problem A4:

Sam N. Morehead of 3016 No. Main, Chicago, IL 60630, is single and expects to earn about $4,000 this year at his part-time job. He paid income tax last year—he did not get back all his federal income tax withholding. He is 18-years old and is a full-time student. He lives with his older brother who claims him as a dependent. He has no other income. His social security number is 000-00-1432. Fill out a correct Form W-4 for Sam.

LESSON A/B/C: HANDOUT 2Q Continued:

Quiz Problem B1:

Complete Form 1040EZ for Brian M. Jones. He is 17 years old, single, and claimed as a Dependent on his parents' return. He does not want to contribute to the Presidential Election Campaign Fund. His Form W-2 shows federal income tax withheld of $55, wages of $2,400, and social security tax and Medicare withheld of $183.60. His address is 6203 Churchill Street, Cincinnati, OH 45203. His social security number is 081-00-0021.

Quiz Problem B2:

Complete Form 1040EZ for Kristine K. Edwards. She is 18 years old, single, and cannot be claimed as a dependent on another person's tax return. She wants to contribute $1 to the Presidential Election Campaign Fund. She received a Form W-2 that showed wages of $7,902, social security tax and Medicare withheld of $604.50 and federal income tax withheld of $649. She also received $28 of interest income from the First State Bank. Her address is 600 West First Street, Atlanta, GA 30303. Her social security number is 981-00-0022.

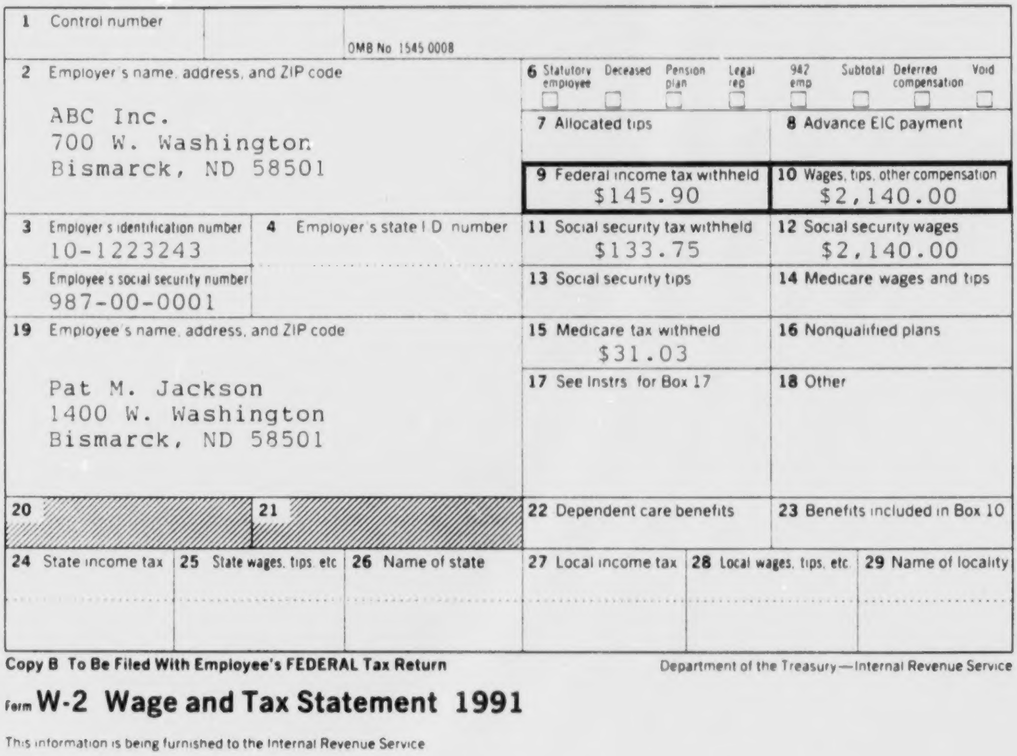
Quiz Problem B3:

Complete Form 1040EZ for Jerry M. Michaels. He is 17 years old, single, and claimed as a dependent on his father's return. He wants to contribute $1 to the Presidential Election Campaign Fund. He received a Form W-2 showing $1,800 in wages for the year and $137.70 in social security tax and Medicare withheld; his federal income tax withholding was $0, because he had signed "exempt" on his Form W-4. He also received $40 of interest income. His address is 1701 Adams Street, Chicago, IL 60602. His social security number is 981-00-0023.

LESSON A/B/C: HANDOUT 2Q Continued

Quiz Problem B4:

Complete Form 1040EZ for Pat M. Jackson. She is 18 years old, single, and cannot be claimed as a dependent on anyone else's return. She received a Form W-2 as shown below. She received no other income. She does not want to contribute to the Presidential Election Campaign Fund.



1 Control number

OMB No 1545 0008

2 Employer's name, address, and ZIP code

ABC Inc.
700 W. Washington
Bismarck, ND 58501

6 Statutory employee ☐ Deceased ☐ Pension plan ☐ Legal rep ☐ 942 emp ☐ Subtotal ☐ Deferred compensation ☐ Void ☐

7 Allocated tips

8 Advance EIC payment

9 Federal income tax withheld $145.90

10 Wages, tips, other compensation $2,140.00

3 Employer's identification number 10-1223243

4 Employer's state I D number

11 Social security tax withheld $133.75

12 Social security wages $2,140.00

5 Employee's social security number 987-00-0001

13 Social security tips

14 Medicare wages and tips

19 Employee's name, address, and ZIP code

Pat M. Jackson
1400 W. Washington
Bismarck, ND 58501

15 Medicare tax withheld $31.03

16 Nonqualified plans

17 See Instrs for Box 17

18 Other

20

21

22 Dependent care benefits

23 Benefits included in Box 10

24 State income tax

25 State wages, tips, etc

26 Name of state

27 Local income tax

28 Local wages, tips, etc

29 Name of locality

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Department of the Treasury—Internal Revenue Service

Form **W-2 Wage and Tax Statement 1991**

This information is being furnished to the Internal Revenue Service

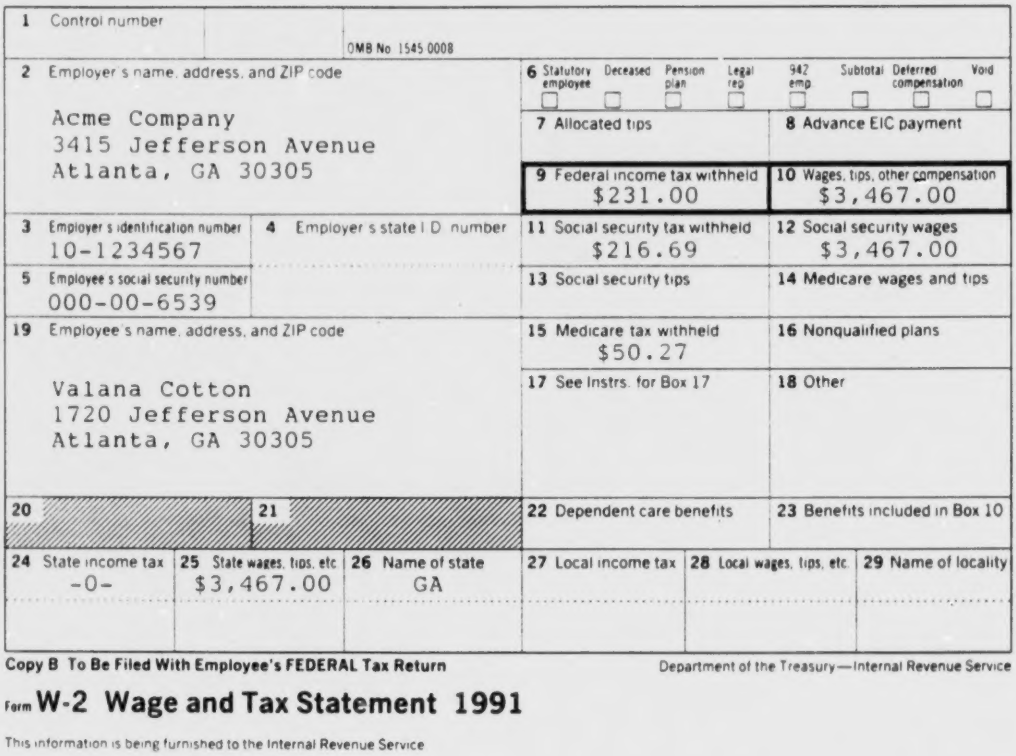
LESSON A/B/C: HANDOUT 2Q Continued

Quiz Problem B5:

Complete Form 1040EZ for Eric Edwards. He is 16 years old, single, and is claimed as a dependent on his parents' return. He does not want to contribute $1 to the Presidential Election Campaign Fund. He received a Form W-2 showing $2,642 in wages for the year and $180 in social security tax withheld. His federal income tax withheld was $264. He also received interest income of $310. His address is 12784 Diamond Road, Appleton, WI 22029. His social security number is 987-01-0002.

Quiz Problem B6:

Complete Form 1040EZ for Valana Cotton. She is 18 years old, single and is claimed as a dependent on her grandmother's return. She received a Form W-2 as shown below. She also received $9 in interest. She wants to contribute $1 to the Presidential Election Campaign Fund.



1 Control number		OMB No 1545 0008	
2 Employer's name, address, and ZIP code Acme Company 3415 Jefferson Avenue Atlanta, GA 30305		6 Statutory employee ☐ Deceased ☐ Pension plan ☐ Legal rep ☐ 942 emp ☐ Subtotal ☐ Deferred compensation ☐ Void ☐	
		7 Allocated tips	8 Advance EIC payment
		9 Federal income tax withheld $231.00	10 Wages, tips, other compensation $3,467.00
3 Employer's identification number 10-1234567	4 Employer's state I.D. number	11 Social security tax withheld $216.69	12 Social security wages $3,467.00
5 Employee's social security number 000-00-6539		13 Social security tips	14 Medicare wages and tips
19 Employee's name, address, and ZIP code Valana Cotton 1720 Jefferson Avenue Atlanta, GA 30305		15 Medicare tax withheld $50.27	16 Nonqualified plans
		17 See Instrs. for Box 17	18 Other
20	21	22 Dependent care benefits	23 Benefits included in Box 10

24 State income tax -0-	25 State wages, tips, etc $3,467.00	26 Name of state GA	27 Local income tax	28 Local wages, tips, etc	29 Name of locality

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Department of the Treasury—Internal Revenue Service

Form **W-2 Wage and Tax Statement 1991**

This information is being furnished to the Internal Revenue Service

LESSON A/B/C: HANDOUT 2Q Continued

Quiz Problem C1:

Complete Form 1040A for Susan M. Thomas. She is 17 years old, single, and has good eyesight. She is claimed as a dependent on her mother's return. She wants to contribute $1 to the Presidential Election Campaign Fund. She earned $2,900 as reported on her Form W-2. She also received $475 of interest income from National Bank. She had $137 of Federal income tax and $221.85 of social security tax and Medicare withheld from her wages. She lives at 903 West Lane, Jackson, VA 22102. Her social security number is 912-00-0001.

Quiz Problem C2:

Complete Form 1040A for James C. Door. He is 18 years old, single, and claimed as a dependent on his father's tax return. He wants to contribute $1 to the Presidential Election Campaign Fund. James earned $2,800 in wages. He had $220 of federal income tax and $214.20 of social security tax and Medicare withheld from his wages. He received $442 of interest income from First Commercial Bank. He lives at 120 East Lane, Jefferson, OH 45207. His social security number is 987-00-0012.

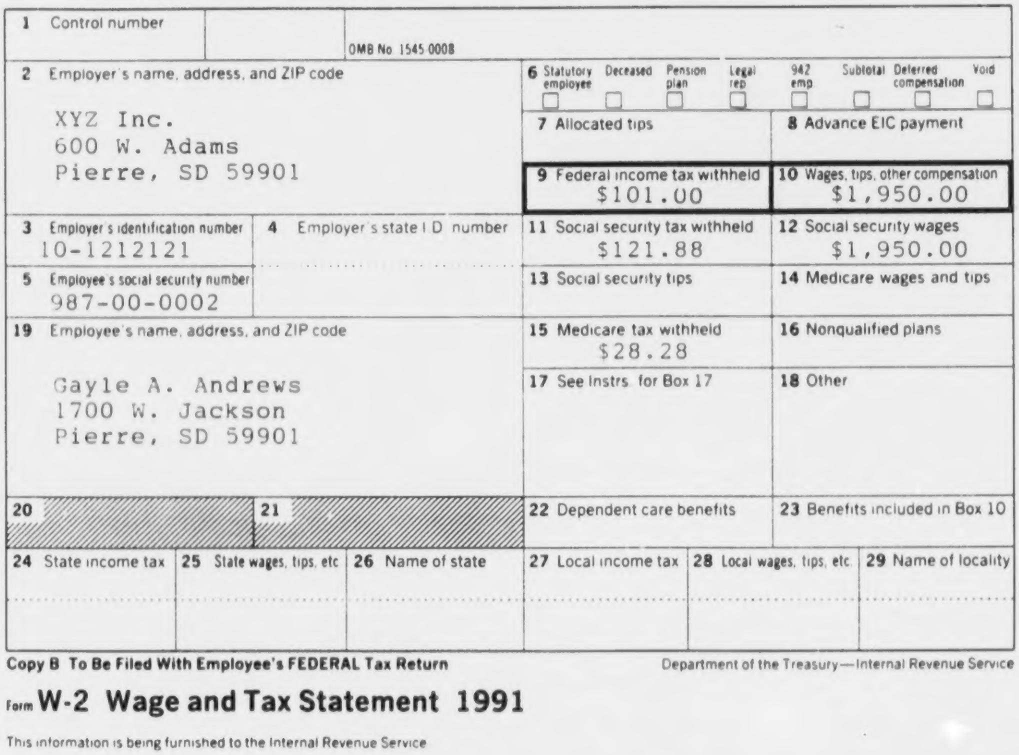
Quiz Problem C3:

Complete Form 1040A for Jane A. Olsen. She is 16 years old, single, and claimed as a dependent on her parents' return. She does not want to contribute to the Presidential Election Campaign Fund. Jane earned $2,100 in wages. She had no federal income tax withheld and $160.65 of social security tax and Medicare withheld from her wages. She received $405 in interest income from First State Bank. Her address is 1700 Montana Avenue, Philadelphia, PA 19108. Her social security number is 900-00-0101.

LESSON A/B/C: HANDOUT 2Q Continued

Quiz Problem C4:

Complete Form 1040A for Gayle A. Andrews. She is 17 years old, single, and cannot be claimed as a dependent on anyone else's return. She received the Form W-2 shown below. She also received $407 in interest income from XYZ Credit Union. She wishes to contribute to the Presidential Election Campaign Fund.



1 Control number		OMB No 1545 0008
2 Employer's name, address, and ZIP code XYZ Inc. 600 W. Adams Pierre, SD 59901	6 Statutory employee ☐ Deceased ☐ Pension plan ☐ Legal rep ☐ 942 emp ☐ Subtotal ☐ Deferred compensation ☐ Void ☐	
	7 Allocated tips	8 Advance EIC payment
	9 Federal income tax withheld $101.00	10 Wages, tips, other compensation $1,950.00
3 Employer's identification number 10-1212121	4 Employer's state I.D. number	
	11 Social security tax withheld $121.88	12 Social security wages $1,950.00
5 Employee's social security number 987-00-0002	13 Social security tips	14 Medicare wages and tips
19 Employee's name, address, and ZIP code Gayle A. Andrews 1700 W. Jackson Pierre, SD 59901	15 Medicare tax withheld $28.28	16 Nonqualified plans
	17 See Instrs. for Box 17	18 Other
20 ▨ 21 ▨	22 Dependent care benefits	23 Benefits included in Box 10
24 State income tax 25 State wages, tips, etc 26 Name of state	27 Local income tax 28 Local wages, tips, etc	29 Name of locality

Copy B To Be Filed With Employee's FEDERAL Tax Return Department of the Treasury—Internal Revenue Service

Form **W-2 Wage and Tax Statement 1991**

This information is being furnished to the Internal Revenue Service

Quiz Problem C5:

Complete Form 1040A for Michael H. Isanti. He is 17 years old, single, and claimed as a dependent on his mother's tax return. He wants to contribute to the Presidential Election Campaign Fund. He earned $2,450 in wages; from this, $187.43 in social security tax and Medicare was withheld, and $180 in income tax was withheld. He received $508 interest from First Bank. His address is 550 West St., St. Paul, MN 55101. His social security number is 900-00-0202.

1992 Form W-4

Department of the Treasury
Internal Revenue Service

Purpose. Complete Form W-4 so that your employer can withhold the correct amount of Federal income tax from your pay.

Exemption From Withholding. Read line 7 of the certificate below to see if you can claim exempt status. *If exempt, complete line 7; but do not complete lines 5 and 6.* No Federal income tax will be withheld from your pay. Your exemption is good for one year only. It expires February 15, 1993.

Basic Instructions. Employees who are not exempt should complete the Personal Allowances Worksheet. Additional worksheets are provided on page 2 for employees to adjust their withholding allowances based on itemized deductions, adjustments to income, or two-earner/two-job situations. Complete all worksheets that apply to your situation. The worksheets will help you figure the number of withholding allowances you are entitled to claim. However, you may claim fewer allowances than this.

Head of Household. Generally, you may claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals.

Nonwage Income. If you have a large amount of nonwage income, such as interest or dividends, you should consider making estimated tax payments using Form 1040-ES. Otherwise, you may find that you owe additional tax at the end of the year.

Two-Earner/Two-Jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. This total should be divided among all jobs. Your withholding will usually be most accurate when all allowances are claimed on the W-4 filed for the highest paying job and zero allowances are claimed for the others.

Advance Earned Income Credit. If you are eligible for this credit, you can receive it added to your paycheck throughout the year. For details, get Form W-5 from your employer.

Check Your Withholding. After your W-4 takes effect, you can use **Pub. 919,** Is My Withholding Correct for 1992?, to see how the dollar amount you are having withheld compares to your estimated total annual tax. Call 1-800-829-3676 to order this publication. Check your local telephone directory for the IRS assistance number if you need further help.

Personal Allowances Worksheet

For 1992, the value of your personal exemption(s) is reduced if your income is over $105,250 ($157,900 if married filing jointly, $131,550 if head of household, or $78,950 if married filing separately). Get Pub. 919 for details.

A Enter "1" for **yourself** if no one else can claim you as a dependent . . . . **A** ______

B Enter "1" if:
- You are single and have only one job; or
- You are married, have only one job, and your spouse does not work; or
- Your wages from a second job or your spouse's wages (or the total of both) are $1,000 or less.

. . **B** ______

C Enter "1" for your **spouse.** But, you may choose to enter -0- if you are married and have either a working spouse or more than one job (this may help you avoid having too little tax withheld) . . . . **C** ______

D Enter number of **dependents** (other than your spouse or yourself) whom you will claim on your tax return . . . . . **D** ______

E Enter "1" if you will file as **head of household** on your tax return (see conditions under "Head of Household," above) . **E** ______

F Enter "1" if you have at least $1,500 of **child or dependent care expenses** for which you plan to claim a credit . . **F** ______

G Add lines A through F and enter total here. **Note:** *This amount may be different from the number of exemptions you claim on your return* ▶ **G** ______

For accuracy, do all worksheets that apply.
- If you plan to **itemize or claim adjustments to income** and want to reduce your withholding, see the Deductions and Adjustments Worksheet on page 2.
- If you are **single** and have **more than one job** and your combined earnings from all jobs exceed $29,000 OR if you are **married** and have a **working spouse or more than one job,** and the combined earnings from all jobs exceed $50,000, see the Two-Earner/Two-Job Worksheet on page 2 if you want to avoid having too little tax withheld.
- If **neither** of the above situations applies, **stop here** and enter the number from line G on line 5 of Form W-4 below.

Cut here and give the certificate to your employer. Keep the top portion for your records.

Form **W-4**
Department of the Treasury
Internal Revenue Service

Employee's Withholding Allowance Certificate

▶ **For Privacy Act and Paperwork Reduction Act Notice, see reverse.**

OMB No. 1545-0010
1992

1 Type or print your first name and middle initial — Last name
2 Your social security number

Home address (number and street or rural route)
3 ☐ Single ☐ Married ☐ Married, but withhold at higher Single rate.
Note: *If married, but legally separated, or spouse is a nonresident alien, check the Single box.*

City or town, state, and ZIP code
4 If your last name differs from that on your social security card, check here and call 1-800-772-1213 for more information . ▶ ☐

5 Total number of allowances you are claiming (from line G above or from the Worksheets on back if they apply) **5** ______

6 Additional amount, if any, you want deducted from each paycheck . . . . **6** $ ______

7 I claim exemption from withholding and I certify that I meet **ALL** of the following conditions for exemption:
- Last year I had a right to a refund of **ALL** Federal income tax withheld because I had **NO** tax liability; **AND**
- This year I expect a refund of **ALL** Federal income tax withheld because I expect to have **NO** tax liability; **AND**
- This year if my income exceeds $600 and includes nonwage income, another person cannot claim me as a dependent.

If you meet all of the above conditions, enter the year effective and "EXEMPT" here . . . ▶ **7** 19

8 Are you a full-time student? (**Note:** *Full-time students are not automatically exempt.*) . . . . **8** ☐ **Yes** ☐ **No**

Under penalties of perjury, I certify that I am entitled to the number of withholding allowances claimed on this certificate or entitled to claim exempt status.

Employee's signature ▶ **Date ▶** , 19

9 Employer's name and address (Employer: Complete 9 and 11 only if sending to the IRS)
10 Office code (optional)
11 Employer identification number

Cat. No. 10220Q

Deductions and Adjustments Worksheet

Note: *Use this worksheet only if you plan to itemize deductions or claim adjustments to income on your 1992 tax return.*

1 Enter an estimate of your 1992 itemized deductions. These include: qualifying home mortgage interest, charitable contributions, state and local taxes (but not sales taxes), medical expenses in excess of 7.5% of your income, and miscellaneous deductions. (For 1992, you may have to reduce your itemized deductions if your income is over $105,250 ($52,625 if married filing separately). Get Pub. 919 for details.) . . . 1 $

2 Enter: { $6,000 if married filing jointly or qualifying widow(er)
$5,250 if head of household
$3,600 if single
$3,000 if married filing separately } . . . . 2 $

3 **Subtract** line 2 from line 1. If line 2 is greater than line 1, enter -0- . . . . 3 $

4 Enter an estimate of your 1992 adjustments to income. These include alimony paid and deductible IRA contributions 4 $

5 **Add** lines 3 and 4 and enter the total . . . . 5 $

6 Enter an estimate of your 1992 nonwage income (such as dividends or interest income) . . . . . 6 $

7 **Subtract** line 6 from line 5. Enter the result, but not less than -0- . . . . 7 $

8 **Divide** the amount on line 7 by $2,500 and enter the result here. Drop any fraction 8

9 Enter the number from Personal Allowances Worksheet, line G, on page 1 9

10 **Add** lines 8 and 9 and enter the total here. If you plan to use the Two-Earner/Two-Job Worksheet, also enter the total on line 1, below. Otherwise, **stop here** and enter this total on Form W-4, line 5, on page 1 10

Two-Earner/Two-Job Worksheet

Note: *Use this worksheet only if the instructions for line G on page 1 direct you here.*

1 Enter the number from line G on page 1 (or from line 10 above if you used the Deductions and Adjustments Worksheet) 1

2 Find the number in **Table 1** below that applies to the **LOWEST** paying job and enter it here 2

3 If line 1 is **GREATER THAN OR EQUAL TO** line 2, subtract line 2 from line 1. Enter the result here (if zero, enter -0-) and on Form W-4, line 5, on page 1. **DO NOT** use the rest of this worksheet 3

Note: *If line 1 is **LESS THAN** line 2, enter -0- on Form W-4, line 5, on page 1. Complete lines 4–9 to calculate the additional dollar withholding necessary to avoid a year-end tax bill.*

4 Enter the number from line 2 of this worksheet 4

5 Enter the number from line 1 of this worksheet 5

6 **Subtract** line 5 from line 4 6

7 Find the amount in **Table 2** below that applies to the **HIGHEST** paying job and enter it here . . . . 7 $

8 **Multiply** line 7 by line 6 and enter the result here. This is the additional annual withholding amount needed 8 $

9 Divide line 8 by the number of pay periods remaining in 1992. (For example, divide by 26 if you are paid every other week and you complete this form in December of 1991.) Enter the result here and on Form W-4, line 6, page 1. This is the additional amount to be withheld from each paycheck . . . . 9 $

Table 1: Two-Earner/Two-Job Worksheet

Married Filing Jointly		All Others	
If wages from **LOWEST** paying job are—	Enter on line 2 above	If wages from **LOWEST** paying job are—	Enter on line 2 above
0 - $4,000	0	0 - $6,000	0
4,001 - 8,000	1	6,001 - 10,000	1
8,001 - 13,000	2	10,001 - 14,000	2
13,001 - 18,000	3	14,001 - 18,000	3
18,001 - 22,000	4	18,001 - 22,000	4
22,001 - 26,000	5	22,001 - 45,000	5
26,001 - 30,000	6	45,001 and over	6
30,001 - 35,000	7		
35,001 - 40,000	8		
40,001 - 60,000	9		
60,001 - 80,000	10		
80,001 and over	11		

Table 2: Two-Earner/Two-Job Worksheet

Married Filing Jointly		All Others	
If wages from **HIGHEST** paying job are—	Enter on line 7 above	If wages from **HIGHEST** paying job are—	Enter on line 7 above
0 - $50,000	$340	0 - $27,000	$340
50,001 - 100,000	640	27,001 - 58,000	640
100,001 and over	710	58,001 and over	710

Privacy Act and Paperwork Reduction Act Notice.—We ask for the information on this form to carry out the Internal Revenue laws of the United States. The Internal Revenue Code requires this information under sections 3402(f)(2)(A) and 6109 and their regulations. Failure to provide a completed form will result in your being treated as a single person who claims no withholding allowances. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, and the District of Columbia for use in administering their tax laws.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping** 46 min., **Learning about the law or the form** 10 min., **Preparing the form** 70 min. If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the **Internal Revenue Service,** Washington, DC 20224, Attention: IRS Reports Clearance Officer, T:FP; and the **Office of Management and Budget,** Paperwork Reduction Project (1545-0010), Washington, DC 20503. **DO NOT** send the tax form to either of these offices. Instead, give it to your employer.

Form **1040EZ**

Department of the Treasury—Internal Revenue Service

Income Tax Return for Single Filers With No Dependents 1991

OMB No. 1545-0675

Name & address

Use the IRS label (see page 10). If you don't have one, please print.

LABEL HERE

Print your name (first, initial, last)

Home address (number and street) (If you have a P.O. box, see page 11.) Apt. no.

City, town or post office, state, and ZIP code (If you have a foreign address, see page 11.)

Please print your numbers like this:

Your social security number

Please see instructions on the back. Also, see the Form 1040EZ booklet.

Presidential Election Campaign (see page 11)
Do you want $1 to go to this fund?

Note: *Checking "Yes" will not change your tax or reduce your refund.* ▶ Yes ☐ No ☐

Dollars Cents

Report your income

Attach Copy B of Form(s) W-2 here. Attach tax payment on top of Form(s) W-2.

1 Total wages, salaries, and tips. This should be shown in Box 10 of your W-2 form(s). (Attach your W-2 form(s).) 1

2 Taxable interest income of $400 or less. If the total is more than $400, you cannot use Form 1040EZ. 2

3 Add line 1 and line 2. This is your **adjusted gross income.** 3

4 Can your parents (or someone else) claim you on their return?

☐ **Yes.** Do worksheet on back; enter amount from line E here.

☐ **No.** Enter 5,550.00. This is the total of your standard deduction and personal exemption. 4

Note: *You **must** check Yes or No.*

5 Subtract line 4 from line 3. If line 4 is larger than line 3, enter 0. This is your **taxable income.** 5

Figure your tax

6 Enter your Federal income tax withheld from Box 9 of your W-2 form(s). 6

7 **Tax.** Use the amount on **line 5** to find your tax in the tax table on pages 16-18 of the booklet. Enter the tax from the table on this line. 7

Refund or amount you owe

8 If line 6 is larger than line 7, subtract line 7 from line 6. This is your **refund.** 8

9 If line 7 is larger than line 6, subtract line 6 from line 7. This is the **amount you owe.** Attach your payment for full amount payable to the "Internal Revenue Service." Write your name, address, social security number, daytime phone number, and "1991 Form 1040EZ" on it. 9

Sign your return

Keep a copy of this form for your records.

I have read this return. Under penalties of perjury, I declare that to the best of my knowledge and belief, the return is true, correct, and complete.

Your signature X	Date
	Your occupation

For IRS Use Only—Please do not write in boxes below.

For Privacy Act and Paperwork Reduction Act Notice, see page 4 in the booklet. Cat. No. 11329W Form 1040EZ (1991)

1991 Instructions for Form 1040EZ

Use this form if

- Your filing status is single.
- You do not claim any dependents.
- You were under 65 and not blind at the end of 1991.
- Your taxable income (line 5) is less than $50,000.
- You had **only** wages, salaries, tips, and taxable scholarship or fellowship grants, and your taxable interest income was $400 or less. **Caution:** *If you earned tips (including allocated tips) that are not included in Box 13 and Box 14 of your W-2, you may not be able to use Form 1040EZ. See page 12 in the booklet.*
- You did not receive any advance earned income credit payments.

If you are not sure about your filing status, see page 6 in the booklet. If you have questions about dependents, see Tele-Tax (topic no. 155) on page 25 in the booklet.

If you can't use this form, see Tele-Tax (topic no. 152) on page 25 in the booklet.

Completing your return

Please print your numbers inside the boxes. Do not type your numbers. Do not use dollar signs.

Most people can fill out the form by following the instructions on the front. But you will have to use the booklet if you received a scholarship or fellowship grant or tax-exempt interest income (such as on municipal bonds). Also use the booklet if you received a 1099-INT showing income tax withheld (backup withholding) or if you had two or more employers and your total wages were more than $53,400.

Remember, you must report your wages, salaries, and tips even if you don't get a W-2 form from your employer. You must also report all your taxable interest income, including interest from savings accounts at banks, savings and loans, credit unions, etc., even if you don't get a Form 1099-INT.

If you paid someone to prepare your return, that person must also sign it and show other information. See page 15 in the booklet.

Standard deduction worksheet for dependents who checked "Yes" on line 4

Fill in this worksheet to figure the amount to enter on line 4 if someone can claim you as a dependent (even if that person chooses not to claim you).

A. Enter the amount from line 1 on front.	**A.**	________
B. Minimum amount.	**B.**	550.00
C. Compare the amounts on lines A and B above. Enter the LARGER of the two amounts here.	**C.**	________
D. Maximum amount.	**D.**	3,400.00
E. Compare the amounts on lines C and D above. Enter the SMALLER of the two amounts here and on line 4 on front.	**E.**	________

If you checked "No" because no one can claim you as a dependent, enter 5,550.00 on line 4. This is the total of your standard deduction (3,400.00) and personal exemption (2,150.00).

Avoid common mistakes

This checklist is to help you make sure that your form is filled out correctly.

1. Are your name, address, and social security number on the label correct? If not, did you correct the label?
2. If you didn't get a label, did you enter your name, address (including ZIP code), and social security number in the spaces provided on page 1 of Form 1040EZ?
3. Did you check the "Yes" box on line 4 if your parents (or someone else) can claim you as a dependent on their 1991 return (even if they choose not to claim you)? If no one can claim you as a dependent, did you check the "No" box?
4. Did you enter an amount on line 4? If you checked the "Yes" box on line 4, did you fill out the worksheet above to figure the amount to enter? If you checked the "No" box, did you enter 5,550.00?
5. Did you check your computations (additions, subtractions, etc.) especially when figuring your taxable income, Federal income tax withheld, and your refund or amount you owe?
6. Did you use the amount from **line 5** to find your tax in the tax table? Did you enter the correct tax on line 7?
7. Did you attach your W-2 form(s) to the left margin of your return? And, did you sign and date Form 1040EZ and enter your occupation?

Mailing your return

Mail your return by **April 15, 1992**. Use the envelope that came with your booklet. If you don't have that envelope, see page 19 in the booklet for the address to use.

Form **1040A**

Department of the Treasury—Internal Revenue Service

U.S. Individual Income Tax Return **1991**

OMB No. 1545-0085

Step 1
Label
(See page 16.)

Use the IRS label. Otherwise, please print or type.

LABEL HERE

Your first name and initial | Last name

If a joint return, spouse's first name and initial | Last name

Home address (number and street). (If you have a P.O. box, see page 16.) | Apt. no.

City, town or post office, state, and ZIP code. (If you have a foreign address, see page 16.)

Your social security no.

Spouse's social security no.

For Privacy Act and Paperwork Reduction Act Notice, see page 3.

Presidential Election Campaign Fund (see page 17)

Do you want $1 to go to this fund? . . . . ☐ Yes ☐ No

If joint return, does your spouse want $1 to go to this fund? ☐ Yes ☐ No

Note: *Checking "Yes" will not change your tax or reduce your refund.*

Step 2
Check your filing status
(Check only one.)

1 ☐ Single

2 ☐ Married filing joint return (even if only one had income)

3 ☐ Married filing separate return. Enter spouse's social security number above and spouse's full name here ▶ ____________

4 ☐ Head of household (with qualifying person). (See page 18.) If the qualifying person is a child but not your dependent, enter this child's name here ▶ ____________

5 ☐ Qualifying widow(er) with dependent child (year spouse died ▶ 19 ____). (See page 19.)

Step 3
Figure your exemptions
(See page 20.)

If more than seven dependents, see page 23.

6a ☐ **Yourself.** If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a. But be sure to check the box on line 18b on page 2.

b ☐ **Spouse**

No. of boxes checked on 6a and 6b ____

c **Dependents:**

(1) Name (first, initial, and last name)	(2) Check if under age 1	(3) If age 1 or older, dependent's social security number	(4) Dependent's relationship to you	(5) No. of months lived in your home in 1991

No. of your children on 6c who:
- lived with you ____
- didn't live with you due to divorce or separation (see page 23) ____

No. of other dependents listed on 6c ____

d If your child didn't live with you but is claimed as your dependent under a pre-1985 agreement, check here . . . ▶ ☐

e Total number of exemptions claimed.

Add numbers entered on lines above ☐

Step 4
Figure your total income

Attach Copy B of your Forms W-2 and 1099-R here.

Attach check or money order on top of any Forms W-2 or 1099-R.

7 Wages, salaries, tips, etc. This should be shown in Box 10 of your W-2 form(s). (Attach Form(s) W-2.) 7

8a **Taxable** interest income (see page 26). (If over $400, also complete and attach Schedule 1, Part I.) 8a

b **Tax-exempt** interest. (DO NOT include on line 8a.) 8b

9 Dividends. (If over $400, also complete and attach Schedule 1, Part II.) 9

10a Total IRA distributions. 10a | **10b** Taxable amount (see page 27). 10b

11a Total pensions and annuities. 11a | **11b** Taxable amount (see page 27). 11b

12 Unemployment compensation (insurance) from Form(s) 1099-G. 12

13a Social security benefits. 13a | **13b** Taxable amount (see page 31). 13b

14 Add lines 7 through 13b (far right column). This is your **total income.** ▶ 14

Step 5
Figure your adjusted gross income

15a Your IRA deduction from applicable worksheet. 15a

b Spouse's IRA deduction from applicable worksheet. **Note:** *Rules for IRAs begin on page 33.* 15b

c Add lines 15a and 15b. These are your **total adjustments.** 15c

16 Subtract line 15c from line 14. This is your **adjusted gross income.** (If less than $21,250, see "Earned income credit" on page 41.) ▶ 16

Cat. No. 11327A

BEST COPY AVAILABLE

1991 **Form 1040A** Page 2

Step 6

17 Enter the amount from line 16. 17

18a Check if: ☐ **You** were 65 or older ☐ Blind / ☐ **Spouse** was 65 or older ☐ Blind **Enter number of boxes checked ▶** 18a ☐

b If your parent (or someone else) can claim you as a dependent, check here . . . . ▶ 18b ☐

c If you are married filing separately and your spouse files Form 1040 and itemizes deductions, see page 37 and check here . ▶ 18c ☐

Figure your standard deduction,

19 Enter the **standard deduction** shown below for your filing status. **But if you checked any box on line 18a or b,** go to page 37 to find your standard deduction. **If you checked box 18c,** enter -0-.

- Single—$3,400
- Head of household—$5,000
- Married filing jointly or Qualifying widow(er)—$5,700
- Married filing separately—$2,850

19

20 Subtract line 19 from line 17. (If line 19 is more than line 17, enter -0-.) 20

exemption amount, and taxable income

21 Multiply $2,150 by the total number of exemptions claimed on line 6e. 21

22 Subtract line 21 from line 20. (If line 21 is more than line 20, enter -0-.) This is your **taxable income.** ▶ 22

Step 7

Figure your tax, credits, and payments

If you want the IRS to figure your tax, see the instructions for line 22 on page 38.

23 Find the tax on the amount on line 22. Check if from: ☐ Tax Table (pages 44–49) or ☐ Form 8615 (see page 39) 23

24a Credit for child and dependent care expenses. Complete and attach Schedule 2. 24a

b Credit for the elderly or the disabled. Complete and attach Schedule 3. 24b

c Add lines 24a and 24b. These are your **total credits.** 24c

25 Subtract line 24c from line 23. (If line 24c is more than line 23, enter -0-.) 25

26 Advance earned income credit payments from Form W-2. 26

27 Add lines 25 and 26. This is your **total tax.** ▶ 27

28a Total Federal income tax withheld. (If any tax is from Form(s) 1099, check here ▶ ☐ .) 28a

b 1991 estimated tax payments and amount applied from 1990 return. 28b

c **Earned income credit.** Complete and attach Schedule EIC. 28c

d Add lines 28a, 28b, and 28c. These are your **total payments.** ▶ 28d

Step 8

Figure your refund or amount you owe

Attach check or money order on top of Form(s) W-2, etc., on page 1.

29 If line 28d is more than line 27, subtract line 27 from line 28d. This is the amount you **overpaid.** 29

30 Amount of line 29 you want **refunded to you.** 30

31 Amount of line 29 you want **applied to your 1992 estimated tax.** 31

32 If line 27 is more than line 28d, subtract line 28d from line 27. This is the **amount you owe.** Attach check or money order for full amount payable to the "Internal Revenue Service." Write your name, address, social security number, daytime phone number, and "1991 Form 1040A" on it. 32

33 Estimated tax penalty (see page 43). 33

Step 9

Sign your return

Keep a copy of this return for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.

▶ Your signature	Date	Your occupation
▶ Spouse's signature (if joint return, BOTH must sign)	Date	Spouse's occupation

Paid preparer's use only

Preparer's signature ▶	Date	Check if self-employed ☐	Preparer's social security no.
Firm's name (or yours if self-employed) and address ▶		E.I. No.	
		ZIP code	

Schedule 1
(Form 1040A)

Department of the Treasury—Internal Revenue Service

Interest and Dividend Income for Form 1040A Filers

1991

OMB No. 1545-0085

Name(s) shown on Form 1040A

Your social security number

Part I

Interest Income

(See pages 26 and 50.)

Complete this part and attach Schedule 1 to Form 1040A if:

- You have over $400 in taxable interest, or
- You are claiming the exclusion of interest from series EE U.S. savings bonds issued after 1989.

If you are claiming the exclusion or you received, as a nominee, interest that actually belongs to another person, see page 50.

Note: *If you received a Form 1099–INT, Form 1099–OID, or substitute statement, from a brokerage firm, enter the firm's name and the total interest shown on that form.*

1	List name of payer		Amount
		1	
2	Add the amounts on line 1.	2	
3	Enter the excludable savings bond interest, if any, from Form 8815, line 14. Attach Form 8815 to Form 1040A.	3	
4	Subtract line 3 from line 2. Enter the result here and on Form 1040A, line 8a.	4	

Part II

Dividend Income

(See pages 26 and 51.)

Complete this part and attach Schedule 1 to Form 1040A if you received over $400 in dividends.

If you received, as a nominee, dividends that actually belong to another person, see page 51.

Note: *If you received a Form 1099–DIV, or substitute statement, from a brokerage firm, enter the firm's name and the total dividends shown on that form.*

5	List name of payer		Amount
		5	
6	Add the amounts on line 5. Enter the total here and on Form 1040A, line 9.	6	

For Paperwork Reduction Act Notice, see Form 1040A instructions. Cat. No. 12075R **Schedule 1 (Form 1040A) 1991**

1 Control number		OMB No. 1545-0008	
2 Employer's name, address, and ZIP code		6 Statutory employee ☐ Deceased ☐ Pension plan ☐ Legal rep. ☐ 942 emp. ☐ Subtotal ☐ Deferred compensation ☐ Void ☐	
		7 Allocated tips	8 Advance EIC payment
		9 Federal income tax withheld	10 Wages, tips, other compensation
3 Employer's identification number	4 Employer's state I.D. number	11 Social security tax withheld	12 Social security wages
5 Employee's social security number		13 Social security tips	14 Medicare wages and tips
19 Employee's name, address, and ZIP code		15 Medicare tax withheld	16 Nonqualified plans
		17 See Instrs. for Box 17	18 Other
20	21	22 Dependent care benefits	23 Benefits included in Box 10

24 State income tax	25 State wages, tips, etc.	26 Name of state	27 Local income tax	28 Local wages, tips, etc.	29 Name of locality

Copy B To Be Filed With Employee's FEDERAL Tax Return

Department of the Treasury—Internal Revenue Service

Form W-2 Wage and Tax Statement 1991

This information is being furnished to the Internal Revenue Service.

☐ **CORRECTED (if checked)**

PAYER'S name, street address, city, state, and ZIP code		**Payer's RTN (optional)**	**OMB No. 1545-0112** **1991**	**Interest Income**
PAYER'S Federal identification number	**RECIPIENT'S identification number**	**1 Interest income not included in Box 3** **$**		**Copy B For Recipient**
RECIPIENT'S name **Street address (including apt. no.)** **City, state, and ZIP code**		**2 Early withdrawal penalty** **$**	**3 Interest on U.S. Savings Bonds and Treas. obligations** **$**	**This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.**
		4 Federal income tax withheld **$**		
Account number (optional)		**5 Foreign tax paid** **$**	**6 Foreign country or U.S. possession**	

Form **1099-INT**

Department of the Treasury - Internal Revenue Service

Schedule 2
(Form 1040A)

Department of the Treasury—Internal Revenue Service

Child and Dependent Care Expenses for Form 1040A Filers

1991

OMB No. 1545-0085

Name(s) shown on Form 1040A

Your social security number

- If you are claiming the child and dependent care credit, complete Parts I and II below. But if you received employer-provided dependent care benefits, first complete Part III on the back.
- If you are not claiming the credit but you received employer-provided dependent care benefits, only complete Part I below and Part III on the back.

Caution: *If you have a child who was born in 1991 and the amount on Form 1040A, line 17, is less than $21,250, see page 51 of the instructions before completing this schedule.*

Part I

Persons or organizations who provided the care

You MUST complete this part. (See page 52.)

1 (a) Name	(b) Address (number, street, apt. no., city, state, and ZIP code)	(c) Identifying number (SSN or EIN)	(d) Amount paid (see instructions)

(If you need more space, use the bottom of page 2.)

2 Add the amounts in column (d) of line 1. 2

Note: *If you paid cash wages of $50 or more in a calendar quarter to an individual for services performed in your home, you must file an employment tax return. Get* **Form 942** *for details.*

Part II

Credit for child and dependent care expenses

3 Enter the number of qualifying persons cared for in 1991. You must have shared the same home with the qualifying person(s). (See page 53 for the definition of a qualifying person.) 3

4 Enter the amount of **qualified** expenses you incurred and actually paid in 1991. See page 54 to find out which expenses qualify. **Caution:** *If you completed Part III on page 2, DO NOT include on this line any excluded benefits shown on line 23.* 4

5 Enter $2,400 ($4,800 if you paid for the care of two or more qualifying persons). 5

6 If you completed Part III on page 2, enter the **excluded benefits,** if any, from line 23. 6

7 Subtract line 6 from line 5. (If line 6 is equal to or more than line 5, STOP HERE; you cannot claim the credit.) 7

8 Compare the amounts on lines 4 and 7. Enter the **smaller** of the two amounts here. 8

9 You **must** enter your **earned income.** (See page 54 for the definition of earned income.) 9

Note: *If you are not filing a joint return, skip line 10 and go to line 11.*

10 If you are married filing a joint return, you **must** enter your spouse's earned income. (If your spouse was a full-time student or disabled, see the instructions for the amount to enter.) 10

11
- If you are married filing a joint return, compare the amounts on lines 8, 9, and 10. Enter the **smallest** of the three amounts here.
- All others, compare the amounts on lines 8 and 9. Enter the **smaller** of the two amounts here. 11

12 Enter the amount from Form 1040A, line 17. 12

13 Enter the decimal amount from the table below that applies to the amount on line 12.

If line 12 is— Over—But not over	Decimal amount is—	If line 12 is— Over—But not over	Decimal amount is—
$0—10,000	.30	$20,000—22,000	.24
10,000—12,000	.29	22,000—24,000	.23
12,000—14,000	.28	24,000—26,000	.22
14,000—16,000	.27	26,000—28,000	.21
16,000—18,000	.26	28,000—No limit	.20
18,000—20,000	.25		

13 ×

14 Multiply line 11 above by the decimal amount on line 13. Enter the result here and on Form 1040A, line 24a. 14 =

For Paperwork Reduction Act Notice, see Form 1040A instructions. Cat. No. 10749I **Schedule 2 (Form 1040A) 1991**

Part III

Employer-provided dependent care benefits

Complete this part only if you received employer-provided dependent care benefits. Also, be sure to complete Part I.

15	Enter the total amount of employer-provided dependent care benefits you received for 1991. (This amount should be shown in Box 22 of your W-2 form(s).) DO NOT include amounts that were reported to you as wages in Box 10 of Form(s) W-2.	15	
16	Enter the amount forfeited, if any. (See the instructions.)	16	
17	Subtract line 16 from line 15.	17	
18	Enter the total amount of **qualified** expenses incurred in 1991 for the care of a qualifying person. (See the instructions.)	18	
19	Compare the amounts on lines 17 and 18. Enter the **smaller** of the two amounts here.	19	
20	You **must** enter your **earned income.** (See the instructions for lines 9 and 10 for the definition of earned income.)	20	
21	If you were married at the end of 1991, you **must** enter your spouse's earned income. (If your spouse was a full-time student or disabled, see the instructions for lines 9 and 10 for the amount to enter.)	21	
22	• If you were married at the end of 1991, compare the amounts on lines 20 and 21. Enter the **smaller** of the two amounts here. • If you were unmarried, enter the amount from line 20 here.	22	
23	**Excluded benefits.** Enter here the **smallest** of the following: • The amount from line 19, or • The amount from line 22, or • $5,000 ($2,500 if married filing a separate return).	23	
24	**Taxable benefits.** Subtract line 23 from line 17. Enter the result. (If line 23 is more than line 17, enter -0-.) Also, include this amount in the total on Form 1040A, line 7. In the space to the left of line 7, write "DCB."	24	

Note: *If you are also claiming the child and dependent care credit, fill in Form 1040A through line 23. Then complete Part II of this schedule.*

Schedule 3
(Form 1040A)

Department of the Treasury—Internal Revenue Service

Credit for the Elderly or the Disabled for Form 1040A Filers

1991

OMB No. 1545-0085

Name(s) shown on Form 1040A

Your social security number

You may be able to use Schedule 3 to reduce your tax if by the end of 1991:

- You were age 65 or older, **OR**
- You were under age 65, you retired on **permanent and total** disability, and you received taxable disability income.

But you must also meet other tests. See the separate instructions for Schedule 3.

Note: *In most cases, the IRS can figure the credit for you. See page 39 of the Form 1040A instructions.*

Part I

Check the box for your filing status and age

If your filing status is:	**And by the end of 1991:**	**Check only one box:**
Single, Head of household, or Qualifying widow(er) with dependent child	**1** You were 65 or older	1 ☐
	2 You were under 65 and you retired on permanent and total disability	2 ☐
Married filing a joint return	**3** Both spouses were 65 or older.	3 ☐
	4 Both spouses were under 65, but only one spouse retired on permanent and total disability	4 ☐
	5 Both spouses were under 65, and both retired on permanent and total disability	5 ☐
	6 One spouse was 65 or older, and the other spouse was under 65 and retired on permanent and total disability	6 ☐
	7 One spouse was 65 or older, and the other spouse was under 65 and **NOT** retired on permanent and total disability.	7 ☐
Married filing a separate return	**8** You were 65 or older and you did not live with your spouse at any time in 1991.	8 ☐
	9 You were under 65, you retired on permanent and total disability, and you did not live with your spouse at any time in 1991.	9 ☐

If you checked Box 1, 3, 7, or 8, skip Part II and complete Part III on the back. All others, complete Parts II and III.

Part II

Statement of permanent and total disability

Complete this part **only** if you checked Box 2, 4, 5, 6, or 9 above.

IF: 1 You filed a physician's statement for this disability for 1983 or an earlier year, or you filed a statement for tax years after 1983 and your physician signed line B on the statement, **AND**

2 Due to your continued disabled condition, you were unable to engage in any substantial gainful activity in 1991, check this box . . . . ▶ ☐

- If you checked this box, you do not have to file another statement for 1991.
- If you did **not** check this box, have your physician complete the following statement:

Physician's statement (See instructions at bottom of page 2.)

I certify that ______________________________
Name of disabled person

was permanently and totally disabled on January 1, 1976, or January 1, 1977, **OR** was permanently and totally disabled on the date he or she retired. If retired after December 31, 1976, enter the date retired ▶ __________

Physician: Sign your name on **either** line A or B below.

A The disability has lasted, or can be expected to last, continuously for at least a year. . . . ______________________ Physician's signature Date

B There is no reasonable probability that the disabled condition will ever improve. . . . ______________________ Physician's signature Date

Physician's name	Physician's address

For Paperwork Reduction Act Notice, see Form 1040A instructions. Cat. No. 12064K **Schedule 3 (Form 1040A) 1991**

Part III
Figure your credit

10	**If you checked (in Part I):** **Enter:** Box 1, 2, 4, or 7 . . . . $5,000 Box 3, 5, or 6 . . . . $7,500 Box 8 or 9 . . . . $3,750		10	
	Caution: *If you checked Box 2, 4, 5, 6, or 9 in Part I, you* ***MUST*** *complete line 11 below. Otherwise, skip line 11 and enter the amount from line 10 on line 12.*			
11	If you checked Box 6 in Part I, enter on line 11 the taxable disability income of the spouse who was under age 65 **PLUS** $5,000. Otherwise, enter on line 11 your taxable disability income (and also your spouse's if you checked Box 5 in Part I) that you reported on Form 1040A. (For more details on what to include, see the instructions.)		11	
12	If you completed line 11 above, compare lines 10 and 11, and enter the **smaller** of the two amounts here. Otherwise, enter the amount from line 10.		12	
13	Enter the following pensions, annuities, or disability income that you (and your spouse if you file a joint return) received in 1991 (see instructions):			
a	Nontaxable part of social security benefits, and Nontaxable part of railroad retirement benefits treated as social security.	13a		
b	Nontaxable veterans' pensions and any other pension, annuity, or disability benefit that is excluded from income under any other provision of law.	13b		
c	Add lines 13a and 13b. (Even though these income items are not taxable, they **must** be included here to figure your credit.) If you did not receive any of the types of nontaxable income listed on line 13a or 13b, enter -0- on line 13c.	13c		
14	Enter the amount from Form 1040A, line 17.	14		
15	**If you checked (in Part I):** **Enter:** Box 1 or 2 . . . . $7,500 Box 3, 4, 5, 6, or 7 . . . . $10,000 Box 8 or 9 . . . . $5,000	15		
16	Subtract line 15 from line 14. If line 15 is more than line 14, enter -0-.	16		
17	Divide line 16 above by 2.	17		
18	Add lines 13c and 17.		18	
19	Subtract line 18 from line 12. If the result is zero or less, stop here; you **cannot** take the credit. Otherwise, go to line 21.		19	
20	Decimal amount used to figure the credit.		20	× .15
21	Multiply line 19 above by the decimal amount (.15) on line 20. Enter the result here and on Form 1040A, line 24b.		21	

Instructions for physician's statement

Taxpayer.—If you retired after December 31, 1976, enter the date you retired in the space provided in Part II.

Physician.—A person is permanently and totally disabled if **both** of the following apply:

1. He or she cannot engage in any substantial gainful activity because of a physical or mental condition, and
2. A physician determines that the disability has lasted, or can be expected to last, continuously for at least a year or can lead to death.

Step 6

Figure your standard deduction, exemption amount, and taxable income— Lines 17–22

Line 18a If you were age 65 or older or blind, check the appropriate boxes. If you were married and claim an exemption for your spouse, and your spouse was age 65 or older or blind, also check the appropriate boxes. Add the number of boxes checked. Enter the total in the box provided on line 18a. You need to know this total to use the **Standard Deduction Chart for People Age 65 or Older or Blind** on page 38.

Age. If you were age 65 or older on January 1, 1992, check the "65 or older" box on your 1991 return.

Blindness. If you were completely blind as of December 31, 1991, attach a statement to your return describing this condition. If you were partially blind, you must attach a statement certified by your eye doctor that:

- You can't see better than 20/200 in your better eye with glasses or contact lenses, or
- Your field of vision is 20 degrees or less.

If your eye condition is not likely to improve beyond the conditions listed above, attach a statement certified by your eye doctor to this effect. If you attached this statement in a prior year, attach a note saying that you have already filed a statement.

Line 18b **Dependents.** If your parent (or someone else) can claim you as a dependent on his or her return (even if that person chose not to claim you), check the box on line 18b. You must use the **Standard Deduction Worksheet for Dependents** on page 38 to figure your standard deduction.

Line 18c If you are married filing a separate return, and your spouse itemizes deductions on a separate return, check the box on line 18c. You CANNOT take the standard deduction even if you were age 65 or older or blind (you completed line 18a). Enter zero on line 19 and go to line 20. If you have any itemized deductions, such as state and local income taxes, your Federal income tax will be less if you itemize your deductions, but you must use Form 1040 to do so.

Line 19 **Standard deduction.** Find your correct standard deduction and enter it on line 19.

Most people can find their standard deduction by looking at line 19 of Form 1040A.

But if you checked **any** of the boxes on **line 18a or 18b,** use the chart or worksheet on page 38 that applies to you to figure your standard deduction. Also, if you checked the box on **line 18c,** you **cannot** take the standard deduction even if you were age 65 or older or blind.

Standard Deduction Chart for People Age 65 or Older or Blind

Standard Deduction Chart for People Age 65 or Older or Blind

If someone can claim you as a dependent, use the worksheet below, instead.

Enter the number from the box on line 18a of Form 1040A. ▶ ☐

Caution: *Do not use the number of exemptions from line 6e.*

If your filing status is:	and the number in the box above is:	enter on Form 1040A, line 19:
Single	1	$4,250
	2	$5,100
Married filing a joint return or Qualifying widow(er) with dependent child	1	$6,350
	2	$7,000
	3	$7,650
	4	$8,300
Married filing a separate return	1	$3,500
	2	$4,150
	3	$4,800
	4	$5,450
Head of household	1	$5,850
	2	$6,700

Standard Deduction Worksheet for Dependents

Standard Deduction Worksheet for Dependents (keep for your records)

Use this worksheet ONLY if someone can claim you as a dependent.

1. Enter the amount from Form 1040A, line 7. If none, enter -0-. 1. ☐

2. Minimum amount. 2. 550.00

3. Compare the amounts on lines 1 and 2. Enter the **larger** of the two amounts here. 3. ☐

4. Enter on line 4 the amount shown below for your filing status.

- Single, enter $3,400
- Married filing a separate return, enter $2,850
- Married filing a joint return, or qualifying widow(er) with dependent child, enter $5,700
- Head of household, enter $5,000

4. ☐

5. Standard deduction

a. Compare the amounts on lines 3 and 4. Enter the **smaller** of the two amounts here. If under 65 and not blind, stop here and enter this amount on Form 1040A, line 19. Otherwise, go to line 5b. 5a. ☐

b. If 65 or older or blind, multiply $850 ($650 if married filing a joint or separate return, or qualifying widow(er) with dependent child) by the number on Form 1040A, line 18a. Enter the result. 5b. ☐

c. Add lines 5a and 5b. Enter the total here and on Form 1040A, line 19. 5c. ☐

Line 22 Subtract line 21 from line 20. Your tax is figured on this amount.

Tax figured by the IRS. If you want, we will figure your tax for you. If you have paid too much, we will send you a refund. If you did not pay enough, we'll send you a bill. We won't charge you interest or a late payment penalty if you pay within 30 days of the notice date or by the due date for filing your return, whichever is later.

Note: *If you are required to use **Form 8615,** Tax for Children Under Age 14 Who Have Investment Income of More Than $1,100, or if you want any of your refund applied to your 1992 estimated tax, we cannot figure your tax for you.*

Section 4—1991 Tax Table

For persons with taxable incomes of less than $50,000

Example: Mr. and Mrs. Green are filing a joint return. Their taxable income on line 22 of Form 1040A is $23,250. First, they find the $23,250–23,300 income line. Next, they find the column for married filing jointly and read down the column. The amount shown where the income line and filing status column meet is $3,491. This is the tax amount they must enter on line 23 of Form 1040A.

At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—			
23,200	23,250	3,858	3,484	4,293	3,484
23,250	23,300	3,872	3,491	4,307	3,491
23,300	23,350	3,886	3,499	4,321	3,499
23,350	23,400	3,900	3,506	4,335	3,506

If Form 1040A, line 22, is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—			
$0	$5	$0	$0	$0	$0
5	15	2	2	2	2
15	25	3	3	3	3
25	50	6	6	6	6
50	75	9	9	9	9
75	100	13	13	13	13
100	125	17	17	17	17
125	150	21	21	21	21
150	175	24	24	24	24
175	200	28	28	28	28
200	225	32	32	32	32
225	250	36	36	36	36
250	275	39	39	39	39
275	300	43	43	43	43
300	325	47	47	47	47
325	350	51	51	51	51
350	375	54	54	54	54
375	400	58	58	58	58
400	425	62	62	62	62
425	450	66	66	66	66
450	475	69	69	69	69
475	500	73	73	73	73
500	525	77	77	77	77
525	550	81	81	81	81
550	575	84	84	84	84
575	600	88	88	88	88
600	625	92	92	92	92
625	650	96	96	96	96
650	675	99	99	99	99
675	700	103	103	103	103
700	725	107	107	107	107
725	750	111	111	111	111
750	775	114	114	114	114
775	800	118	118	118	118
800	825	122	122	122	122
825	850	126	126	126	126
850	875	129	129	129	129
875	900	133	133	133	133
900	925	137	137	137	137
925	950	141	141	141	141
950	975	144	144	144	144
975	1,000	148	148	148	148
1,000					
1,000	1,025	152	152	152	152
1,025	1,050	156	156	156	156
1,050	1,075	159	159	159	159
1,075	1,100	163	163	163	163
1,100	1,125	167	167	167	167
1,125	1,150	171	171	171	171
1,150	1,175	174	174	174	174
1,175	1,200	178	178	178	178
1,200	1,225	182	182	182	182
1,225	1,250	186	186	186	186
1,250	1,275	189	189	189	189
1,275	1,300	193	193	193	193

If Form 1040A, line 22, is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—			
1,300	1,325	197	197	197	197
1,325	1,350	201	201	201	201
1,350	1,375	204	204	204	204
1,375	1,400	208	208	208	208
1,400	1,425	212	212	212	212
1,425	1,450	216	216	216	216
1,450	1,475	219	219	219	219
1,475	1,500	223	223	223	223
1,500	1,525	227	227	227	227
1,525	1,550	231	231	231	231
1,550	1,575	234	234	234	234
1,575	1,600	238	238	238	238
1,600	1,625	242	242	242	242
1,625	1,650	246	246	246	246
1,650	1,675	249	249	249	249
1,675	1,700	253	253	253	253
1,700	1,725	257	257	257	257
1,725	1,750	261	261	261	261
1,750	1,775	264	264	264	264
1,775	1,800	268	268	268	268
1,800	1,825	272	272	272	272
1,825	1,850	276	276	276	276
1,850	1,875	279	279	279	279
1,875	1,900	283	283	283	283
1,900	1,925	287	287	287	287
1,925	1,950	291	291	291	291
1,950	1,975	294	294	294	294
1,975	2,000	298	298	298	298
2,000					
2,000	2,025	302	302	302	302
2,025	2,050	306	306	306	306
2,050	2,075	309	309	309	309
2,075	2,100	313	313	313	313
2,100	2,125	317	317	317	317
2,125	2,150	321	321	321	321
2,150	2,175	324	324	324	324
2,175	2,200	328	328	328	328
2,200	2,225	332	332	332	332
2,225	2,250	336	336	336	336
2,250	2,275	339	339	339	339
2,275	2,300	343	343	343	343
2,300	2,325	347	347	347	347
2,325	2,350	351	351	351	351
2,350	2,375	354	354	354	354
2,375	2,400	358	358	358	358
2,400	2,425	362	362	362	362
2,425	2,450	366	366	366	366
2,450	2,475	369	369	369	369
2,475	2,500	373	373	373	373
2,500	2,525	377	377	377	377
2,525	2,550	381	381	381	381
2,550	2,575	384	384	384	384
2,575	2,600	388	388	388	388
2,600	2,625	392	392	392	392
2,625	2,650	396	396	396	396
2,650	2,675	399	399	399	399
2,675	2,700	403	403	403	403

If Form 1040A, line 22, is—		And you are—			
At least	But less than	Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—			
2,700	2,725	407	407	407	407
2,725	2,750	411	411	411	411
2,750	2,775	414	414	414	414
2,775	2,800	418	418	418	418
2,800	2,825	422	422	422	422
2,825	2,850	426	426	426	426
2,850	2,875	429	429	429	429
2,875	2,900	433	433	433	433
2,900	2,925	437	437	437	437
2,925	2,950	441	441	441	441
2,950	2,975	444	444	444	444
2,975	3,000	448	448	448	448
3,000					
3,000	3,050	454	454	454	454
3,050	3,100	461	461	461	461
3,100	3,150	469	469	469	469
3,150	3,200	476	476	476	476
3,200	3,250	484	484	484	484
3,250	3,300	491	491	491	491
3,300	3,350	499	499	499	499
3,350	3,400	506	506	506	506
3,400	3,450	514	514	514	514
3,450	3,500	521	521	521	521
3,500	3,550	529	529	529	529
3,550	3,600	536	536	536	536
3,600	3,650	544	544	544	544
3,650	3,700	551	551	551	551
3,700	3,750	559	559	559	559
3,750	3,800	566	566	566	566
3,800	3,850	574	574	574	574
3,850	3,900	581	581	581	581
3,900	3,950	589	589	589	589
3,950	4,000	596	596	596	596
4,000					
4,000	4,050	604	604	604	604
4,050	4,100	611	611	611	611
4,100	4,150	619	619	619	619
4,150	4,200	626	626	626	626
4,200	4,250	634	634	634	634
4,250	4,300	641	641	641	641
4,300	4,350	649	649	649	649
4,350	4,400	656	656	656	656
4,400	4,450	664	664	664	664
4,450	4,500	671	671	671	671
4,500	4,550	679	679	679	679
4,550	4,600	686	686	686	686
4,600	4,650	694	694	694	694
4,650	4,700	701	701	701	701
4,700	4,750	709	709	709	709
4,750	4,800	716	716	716	716
4,800	4,850	724	724	724	724
4,850	4,900	731	731	731	731
4,900	4,950	739	739	739	739
4,950	5,000	746	746	746	746

Continued on next page

* This column must also be used by a qualifying widow(er).

1991 Tax Table—*Continued*

If Form 1040A, line 22, is— At least	But less than	And you are— Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—			
5,000					
5,000	5,050	754	754	754	754
5,050	5,100	761	761	761	761
5,100	5,150	769	769	769	769
5,150	5,200	776	776	776	776
5,200	5,250	784	784	784	784
5,250	5,300	791	791	791	791
5,300	5,350	799	799	799	799
5,350	5,400	806	806	806	806
5,400	5,450	814	814	814	814
5,450	5,500	821	821	821	821
5,500	5,550	829	829	829	829
5,550	5,600	836	836	836	836
5,600	5,650	844	844	844	844
5,650	5,700	851	851	851	851
5,700	5,750	859	859	859	859
5,750	5,800	866	866	866	866
5,800	5,850	874	874	874	874
5,850	5,900	881	881	881	881
5,900	5,950	889	889	889	889
5,950	6,000	896	896	896	896
6,000					
6,000	6,050	904	904	904	904
6,050	6,100	911	911	911	911
6,100	6,150	919	919	919	919
6,150	6,200	926	926	926	926
6,200	6,250	934	934	934	934
6,250	6,300	941	941	941	941
6,300	6,350	949	949	949	949
6,350	6,400	956	956	956	956
6,400	6,450	964	964	964	964
6,450	6,500	971	971	971	971
6,500	6,550	979	979	979	979
6,550	6,600	986	986	986	986
6,600	6,650	994	994	994	994
6,650	6,700	1,001	1,001	1,001	1,001
6,700	6,750	1,009	1,009	1,009	1,009
6,750	6,800	1,016	1,016	1,016	1,016
6,800	6,850	1,024	1,024	1,024	1,024
6,850	6,900	1,031	1,031	1,031	1,031
6,900	6,950	1,039	1,039	1,039	1,039
6,950	7,000	1,046	1,046	1,046	1,046
7,000					
7,000	7,050	1,054	1,054	1,054	1,054
7,050	7,100	1,061	1,061	1,061	1,061
7,100	7,150	1,069	1,069	1,069	1,069
7,150	7,200	1,076	1,076	1,076	1,076
7,200	7,250	1,084	1,084	1,084	1,084
7,250	7,300	1,091	1,091	1,091	1,091
7,300	7,350	1,099	1,099	1,099	1,099
7,350	7,400	1,106	1,106	1,106	1,106
7,400	7,450	1,114	1,114	1,114	1,114
7,450	7,500	1,121	1,121	1,121	1,121
7,500	7,550	1,129	1,129	1,129	1,129
7,550	7,600	1,136	1,136	1,136	1,136
7,600	7,650	1,144	1,144	1,144	1,144
7,650	7,700	1,151	1,151	1,151	1,151
7,700	7,750	1,159	1,159	1,159	1,159
7,750	7,800	1,166	1,166	1,166	1,166
7,800	7,850	1,174	1,174	1,174	1,174
7,850	7,900	1,181	1,181	1,181	1,181
7,900	7,950	1,189	1,189	1,189	1,189
7,950	8,000	1,196	1,196	1,196	1,196
8,000					
8,000	8,050	1,204	1,204	1,204	1,204
8,050	8,100	1,211	1,211	1,211	1,211
8,100	8,150	1,219	1,219	1,219	1,219
8,150	8,200	1,226	1,226	1,226	1,226
8,200	8,250	1,234	1,234	1,234	1,234
8,250	8,300	1,241	1,241	1,241	1,241
8,300	8,350	1,249	1,249	1,249	1,249
8,350	8,400	1,256	1,256	1,256	1,256
8,400	8,450	1,264	1,264	1,264	1,264
8,450	8,500	1,271	1,271	1,271	1,271
8,500	8,550	1,279	1,279	1,279	1,279
8,550	8,600	1,286	1,286	1,286	1,286
8,600	8,650	1,294	1,294	1,294	1,294
8,650	8,700	1,301	1,301	1,301	1,301
8,700	8,750	1,309	1,309	1,309	1,309
8,750	8,800	1,316	1,316	1,316	1,316
8,800	8,850	1,324	1,324	1,324	1,324
8,850	8,900	1,331	1,331	1,331	1,331
8,900	8,950	1,339	1,339	1,339	1,339
8,950	9,000	1,346	1,346	1,346	1,346
9,000					
9,000	9,050	1,354	1,354	1,354	1,354
9,050	9,100	1,361	1,361	1,361	1,361
9,100	9,150	1,369	1,369	1,369	1,369
9,150	9,200	1,376	1,376	1,376	1,376
9,200	9,250	1,384	1,384	1,384	1,384
9,250	9,300	1,391	1,391	1,391	1,391
9,300	9,350	1,399	1,399	1,399	1,399
9,350	9,400	1,406	1,406	1,406	1,406
9,400	9,450	1,414	1,414	1,414	1,414
9,450	9,500	1,421	1,421	1,421	1,421
9,500	9,550	1,429	1,429	1,429	1,429
9,550	9,600	1,436	1,436	1,436	1,436
9,600	9,650	1,444	1,444	1,444	1,444
9,650	9,700	1,451	1,451	1,451	1,451
9,700	9,750	1,459	1,459	1,459	1,459
9,750	9,800	1,466	1,466	1,466	1,466
9,800	9,850	1,474	1,474	1,474	1,474
9,850	9,900	1,481	1,481	1,481	1,481
9,900	9,950	1,489	1,489	1,489	1,489
9,950	10,000	1,496	1,496	1,496	1,496
10,000					
10,000	10,050	1,504	1,504	1,504	1,504
10,050	10,100	1,511	1,511	1,511	1,511
10,100	10,150	1,519	1,519	1,519	1,519
10,150	10,200	1,526	1,526	1,526	1,526
10,200	10,250	1,534	1,534	1,534	1,534
10,250	10,300	1,541	1,541	1,541	1,541
10,300	10,350	1,549	1,549	1,549	1,549
10,350	10,400	1,556	1,556	1,556	1,556
10,400	10,450	1,564	1,564	1,564	1,564
10,450	10,500	1,571	1,571	1,571	1,571
10,500	10,550	1,579	1,579	1,579	1,579
10,550	10,600	1,586	1,586	1,586	1,586
10,600	10,650	1,594	1,594	1,594	1,594
10,650	10,700	1,601	1,601	1,601	1,601
10,700	10,750	1,609	1,609	1,609	1,609
10,750	10,800	1,616	1,616	1,616	1,616
10,800	10,850	1,624	1,624	1,624	1,624
10,850	10,900	1,631	1,631	1,631	1,631
10,900	10,950	1,639	1,639	1,639	1,639
10,950	11,000	1,646	1,646	1,646	1,646
11,000					
11,000	11,050	1,654	1,654	1,654	1,654
11,050	11,100	1,661	1,661	1,661	1,661
11,100	11,150	1,669	1,669	1,669	1,669
11,150	11,200	1,676	1,676	1,676	1,676
11,200	11,250	1,684	1,684	1,684	1,684
11,250	11,300	1,691	1,691	1,691	1,691
11,300	11,350	1,699	1,699	1,699	1,699
11,350	11,400	1,706	1,706	1,706	1,706
11,400	11,450	1,714	1,714	1,714	1,714
11,450	11,500	1,721	1,721	1,721	1,721
11,500	11,550	1,729	1,729	1,729	1,729
11,550	11,600	1,736	1,736	1,736	1,736
11,600	11,650	1,744	1,744	1,744	1,744
11,650	11,700	1,751	1,751	1,751	1,751
11,700	11,750	1,759	1,759	1,759	1,759
11,750	11,800	1,766	1,766	1,766	1,766
11,800	11,850	1,774	1,774	1,774	1,774
11,850	11,900	1,781	1,781	1,781	1,781
11,900	11,950	1,789	1,789	1,789	1,789
11,950	12,000	1,796	1,796	1,796	1,796
12,000					
12,000	12,050	1,804	1,804	1,804	1,804
12,050	12,100	1,811	1,811	1,811	1,811
12,100	12,150	1,819	1,819	1,819	1,819
12,150	12,200	1,826	1,826	1,826	1,826
12,200	12,250	1,834	1,834	1,834	1,834
12,250	12,300	1,841	1,841	1,841	1,841
12,300	12,350	1,849	1,849	1,849	1,849
12,350	12,400	1,856	1,856	1,856	1,856
12,400	12,450	1,864	1,864	1,864	1,864
12,450	12,500	1,871	1,871	1,871	1,871
12,500	12,550	1,879	1,879	1,879	1,879
12,550	12,600	1,886	1,886	1,886	1,886
12,600	12,650	1,894	1,894	1,894	1,894
12,650	12,700	1,901	1,901	1,901	1,901
12,700	12,750	1,909	1,909	1,909	1,909
12,750	12,800	1,916	1,916	1,916	1,916
12,800	12,850	1,924	1,924	1,924	1,924
12,850	12,900	1,931	1,931	1,931	1,931
12,900	12,950	1,939	1,939	1,939	1,939
12,950	13,000	1,946	1,946	1,946	1,946
13,000					
13,000	13,050	1,954	1,954	1,954	1,954
13,050	13,100	1,961	1,961	1,961	1,961
13,100	13,150	1,969	1,969	1,969	1,969
13,150	13,200	1,976	1,976	1,976	1,976
13,200	13,250	1,984	1,984	1,984	1,984
13,250	13,300	1,991	1,991	1,991	1,991
13,300	13,350	1,999	1,999	1,999	1,999
13,350	13,400	2,006	2,006	2,006	2,006
13,400	13,450	2,014	2,014	2,014	2,014
13,450	13,500	2,021	2,021	2,021	2,021
13,500	13,550	2,029	2,029	2,029	2,029
13,550	13,600	2,036	2,036	2,036	2,036
13,600	13,650	2,044	2,044	2,044	2,044
13,650	13,700	2,051	2,051	2,051	2,051
13,700	13,750	2,059	2,059	2,059	2,059
13,750	13,800	2,066	2,066	2,066	2,066
13,800	13,850	2,074	2,074	2,074	2,074
13,850	13,900	2,081	2,081	2,081	2,081
13,900	13,950	2,089	2,089	2,089	2,089
13,950	14,000	2,096	2,096	2,096	2,096

* This column must also be used by a qualifying widow(er)

Continued on next page

1991 Tax Table—*Continued*

If Form 1040A, line 22, is— At least	But less than	And you are— Single	Married filing jointly *	Married filing separately	Head of a household
		Your tax is—			
14,000					
14,000	14,050	2,104	2,104	2,104	2,104
14,050	14,100	2,111	2,111	2,111	2,111
14,100	14,150	2,119	2,119	2,119	2,119
14,150	14,200	2,126	2,126	2,126	2,126
14,200	14,250	2,134	2,134	2,134	2,134
14,250	14,300	2,141	2,141	2,141	2,141
14,300	14,350	2,149	2,149	2,149	2,149
14,350	14,400	2,156	2,156	2,156	2,156
14,400	14,450	2,164	2,164	2,164	2,164
14,450	14,500	2,171	2,171	2,171	2,171
14,500	14,550	2,179	2,179	2,179	2,179
14,550	14,600	2,186	2,186	2,186	2,186
14,600	14,650	2,194	2,194	2,194	2,194
14,650	14,700	2,201	2,201	2,201	2,201
14,700	14,750	2,209	2,209	2,209	2,209
14,750	14,800	2,216	2,216	2,216	2,216
14,800	14,850	2,224	2,224	2,224	2,224
14,850	14,900	2,231	2,231	2,231	2,231
14,900	14,950	2,239	2,239	2,239	2,239
14,950	15,000	2,246	2,246	2,246	2,246
15,000					
15,000	15,050	2,254	2,254	2,254	2,254
15,050	15,100	2,261	2,261	2,261	2,261
15,100	15,150	2,269	2,269	2,269	2,269
15,150	15,200	2,276	2,276	2,276	2,276
15,200	15,250	2,284	2,284	2,284	2,284
15,250	15,300	2,291	2,291	2,291	2,291
15,300	15,350	2,299	2,299	2,299	2,299
15,350	15,400	2,306	2,306	2,306	2,306
15,400	15,450	2,314	2,314	2,314	2,314
15,450	15,500	2,321	2,321	2,321	2,321
15,500	15,550	2,329	2,329	2,329	2,329
15,550	15,600	2,336	2,336	2,336	2,336
15,600	15,650	2,344	2,344	2,344	2,344
15,650	15,700	2,351	2,351	2,351	2,351
15,700	15,750	2,359	2,359	2,359	2,359
15,750	15,800	2,366	2,366	2,366	2,366
15,800	15,850	2,374	2,374	2,374	2,374
15,850	15,900	2,381	2,381	2,381	2,381
15,900	15,950	2,389	2,389	2,389	2,389
15,950	16,000	2,396	2,396	2,396	2,396
16,000					
16,000	16,050	2,404	2,404	2,404	2,404
16,050	16,100	2,411	2,411	2,411	2,411
16,100	16,150	2,419	2,419	2,419	2,419
16,150	16,200	2,426	2,426	2,426	2,426
16,200	16,250	2,434	2,434	2,434	2,434
16,250	16,300	2,441	2,441	2,441	2,441
16,300	16,350	2,449	2,449	2,449	2,449
16,350	16,400	2,456	2,456	2,456	2,456
16,400	16,450	2,464	2,464	2,464	2,464
16,450	16,500	2,471	2,471	2,471	2,471
16,500	16,550	2,479	2,479	2,479	2,479
16,550	16,600	2,486	2,486	2,486	2,486
16,600	16,650	2,494	2,494	2,494	2,494
16,650	16,700	2,501	2,501	2,501	2,501
16,700	16,750	2,509	2,509	2,509	2,509
16,750	16,800	2,516	2,516	2,516	2,516
16,800	16,850	2,524	2,524	2,524	2,524
16,850	16,900	2,531	2,531	2,531	2,531
16,900	16,950	2,539	2,539	2,539	2,539
16,950	17,000	2,546	2,546	2,546	2,546
17,000					
17,000	17,050	2,554	2,554	2,557	2,554
17,050	17,100	2,561	2,561	2,571	2,561
17,100	17,150	2,569	2,569	2,585	2,569
17,150	17,200	2,576	2,576	2,599	2,576
17,200	17,250	2,584	2,584	2,613	2,584
17,250	17,300	2,591	2,591	2,627	2,591
17,300	17,350	2,599	2,599	2,641	2,599
17,350	17,400	2,606	2,606	2,655	2,606
17,400	17,450	2,614	2,614	2,669	2,614
17,450	17,500	2,621	2,621	2,683	2,621
17,500	17,550	2,629	2,629	2,697	2,629
17,550	17,600	2,636	2,636	2,711	2,636
17,600	17,650	2,644	2,644	2,725	2,644
17,650	17,700	2,651	2,651	2,739	2,651
17,700	17,750	2,659	2,659	2,753	2,659
17,750	17,800	2,666	2,666	2,767	2,666
17,800	17,850	2,674	2,674	2,781	2,674
17,850	17,900	2,681	2,681	2,795	2,681
17,900	17,950	2,689	2,689	2,809	2,689
17,950	18,000	2,696	2,696	2,823	2,696
18,000					
18,000	18,050	2,704	2,704	2,837	2,704
18,050	18,100	2,711	2,711	2,851	2,711
18,100	18,150	2,719	2,719	2,865	2,719
18,150	18,200	2,726	2,726	2,879	2,726
18,200	18,250	2,734	2,734	2,893	2,734
18,250	18,300	2,741	2,741	2,907	2,741
18,300	18,350	2,749	2,749	2,921	2,749
18,350	18,400	2,756	2,756	2,935	2,756
18,400	18,450	2,764	2,764	2,949	2,764
18,450	18,500	2,771	2,771	2,963	2,771
18,500	18,550	2,779	2,779	2,977	2,779
18,550	18,600	2,786	2,786	2,991	2,786
18,600	18,650	2,794	2,794	3,005	2,794
18,650	18,700	2,801	2,801	3,019	2,801
18,700	18,750	2,809	2,809	3,033	2,809
18,750	18,800	2,816	2,816	3,047	2,816
18,800	18,850	2,824	2,824	3,061	2,824
18,850	18,900	2,831	2,831	3,075	2,831
18,900	18,950	2,839	2,839	3,089	2,839
18,950	19,000	2,846	2,846	3,103	2,846
19,000					
19,000	19,050	2,854	2,854	3,117	2,854
19,050	19,100	2,861	2,861	3,131	2,861
19,100	19,150	2,869	2,869	3,145	2,869
19,150	19,200	2,876	2,876	3,159	2,876
19,200	19,250	2,884	2,884	3,173	2,884
19,250	19,300	2,891	2,891	3,187	2,891
19,300	19,350	2,899	2,899	3,201	2,899
19,350	19,400	2,906	2,906	3,215	2,906
19,400	19,450	2,914	2,914	3,229	2,914
19,450	19,500	2,921	2,921	3,243	2,921
19,500	19,550	2,929	2,929	3,257	2,929
19,550	19,600	2,936	2,936	3,271	2,936
19,600	19,650	2,944	2,944	3,285	2,944
19,650	19,700	2,951	2,951	3,299	2,951
19,700	19,750	2,959	2,959	3,313	2,959
19,750	19,800	2,966	2,966	3,327	2,966
19,800	19,850	2,974	2,974	3,341	2,974
19,850	19,900	2,981	2,981	3,355	2,981
19,900	19,950	2,989	2,989	3,369	2,989
19,950	20,000	2,996	2,996	3,383	2,996
20,000					
20,000	20,050	3,004	3,004	3,397	3,004
20,050	20,100	3,011	3,011	3,411	3,011
20,100	20,150	3,019	3,019	3,425	3,019
20,150	20,200	3,026	3,026	3,439	3,026
20,200	20,250	3,034	3,034	3,453	3,034
20,250	20,300	3,041	3,041	3,467	3,041
20,300	20,350	3,049	3,049	3,481	3,049
20,350	20,400	3,060	3,056	3,495	3,056
20,400	20,450	3,074	3,064	3,509	3,064
20,450	20,500	3,088	3,071	3,523	3,071
20,500	20,550	3,102	3,079	3,537	3,079
20,550	20,600	3,116	3,086	3,551	3,086
20,600	20,650	3,130	3,094	3,565	3,094
20,650	20,700	3,144	3,101	3,579	3,101
20,700	20,750	3,158	3,109	3,593	3,109
20,750	20,800	3,172	3,116	3,607	3,116
20,800	20,850	3,186	3,124	3,621	3,124
20,850	20,900	3,200	3,131	3,635	3,131
20,900	20,950	3,214	3,139	3,649	3,139
20,950	21,000	3,228	3,146	3,663	3,146
21,000					
21,000	21,050	3,242	3,154	3,677	3,154
21,050	21,100	3,256	3,161	3,691	3,161
21,100	21,150	3,270	3,169	3,705	3,169
21,150	21,200	3,284	3,176	3,719	3,176
21,200	21,250	3,298	3,184	3,733	3,184
21,250	21,300	3,312	3,191	3,747	3,191
21,300	21,350	3,326	3,199	3,761	3,199
21,350	21,400	3,340	3,206	3,775	3,206
21,400	21,450	3,354	3,214	3,789	3,214
21,450	21,500	3,368	3,221	3,803	3,221
21,500	21,550	3,382	3,229	3,817	3,229
21,550	21,600	3,396	3,236	3,831	3,236
21,600	21,650	3,410	3,244	3,845	3,244
21,650	21,700	3,424	3,251	3,859	3,251
21,700	21,750	3,438	3,259	3,873	3,259
21,750	21,800	3,452	3,266	3,887	3,266
21,800	21,850	3,466	3,274	3,901	3,274
21,850	21,900	3,480	3,281	3,915	3,281
21,900	21,950	3,494	3,289	3,929	3,289
21,950	22,000	3,508	3,296	3,943	3,296
22,000					
22,000	22,050	3,522	3,304	3,957	3,304
22,050	22,100	3,536	3,311	3,971	3,311
22,100	22,150	3,550	3,319	3,985	3,319
22,150	22,200	3,564	3,326	3,999	3,326
22,200	22,250	3,578	3,334	4,013	3,334
22,250	22,300	3,592	3,341	4,027	3,341
22,300	22,350	3,606	3,349	4,041	3,349
22,350	22,400	3,620	3,356	4,055	3,356
22,400	22,450	3,634	3,364	4,069	3,364
22,450	22,500	3,648	3,371	4,083	3,371
22,500	22,550	3,662	3,379	4,097	3,379
22,550	22,600	3,676	3,386	4,111	3,386
22,600	22,650	3,690	3,394	4,125	3,394
22,650	22,700	3,704	3,401	4,139	3,401
22,700	22,750	3,718	3,409	4,153	3,409
22,750	22,800	3,732	3,416	4,167	3,416
22,800	22,850	3,746	3,424	4,181	3,424
22,850	22,900	3,760	3,431	4,195	3,431
22,900	22,950	3,774	3,439	4,209	3,439
22,950	23,000	3,788	3,446	4,223	3,446

* This column must also be used by a qualifying widow(er)

Continued on next page

TRANSPARENCY 2A-1

1992 Form W-4

Department of the Treasury
Internal Revenue Service

Purpose. Complete Form W-4 so that your employer can withhold the correct amount of Federal income tax from your pay.

Exemption From Withholding. Read line 7 of the certificate below to see if you can claim exempt status. *If exempt, complete line 7, but do not complete lines 5 and 6.* No Federal income tax will be withheld from your pay. Your exemption is good for one year only. It expires February 15, 1993.

Basic Instructions. Employees who are not exempt should complete the Personal Allowances Worksheet. Additional worksheets are provided on page 2 for employees to adjust their withholding allowances based on itemized deductions, adjustments to income, or two-earner/two-job situations. Complete all worksheets that apply to your situation. The worksheets will help you figure the number of withholding allowances you are entitled to claim. However, you may claim fewer allowances than this.

Head of Household. Generally, you may claim head of household filing status on your tax return only if you are unmarried and pay more than 50% of the costs of keeping up a home for yourself and your dependent(s) or other qualifying individuals.

Nonwage Income. If you have a large amount of nonwage income, such as interest or dividends, you should consider making estimated tax payments using Form 1040-ES. Otherwise, you may find that you owe additional tax at the end of the year.

Two-Earner/Two-Jobs. If you have a working spouse or more than one job, figure the total number of allowances you are entitled to claim on all jobs using worksheets from only one Form W-4. This total should be divided among all jobs. Your withholding will usually be most accurate when all allowances are claimed on the W-4 filed for the highest paying job and zero allowances are claimed for the others.

Advance Earned Income Credit. If you are eligible for this credit, you can receive it added to your paycheck throughout the year. For details, get Form W-5 from your employer.

Check Your Withholding. After your W-4 takes effect, you can use **Pub. 919,** Is My Withholding Correct for 1992?, to see how the dollar amount you are having withheld compares to your estimated total annual tax. Call 1-800-829-3676 to order this publication. Check your local telephone directory for the IRS assistance number if you need further help.

Personal Allowances Worksheet

For 1992, the value of your personal exemption(s) is reduced if your income is over $105,250 ($157,900 if married filing jointly, $131,550 if head of household, or $78,950 if married filing separately). Get Pub. 919 for details.

A Enter "1" for **yourself** if no one else can claim you as a dependent . . . . **A** ______

B Enter "1" if:
- You are single and have only one job; or
- You are married, have only one job, and your spouse does not work; or
- Your wages from a second job or your spouse's wages (or the total of both) are $1,000 or less.

. . . **B** ______

C Enter "1" for your **spouse.** But, you may choose to enter -0- if you are married and have either a working spouse or more than one job (this may help you avoid having too little tax withheld) . . . . **C** ______

D Enter number of **dependents** (other than your spouse or yourself) whom you will claim on your tax return . . . . . . **D** ______

E Enter "1" if you will file as **head of household** on your tax return (see conditions under "Head of Household," above) . **E** ______

F Enter "1" if you have at least $1,500 of **child or dependent care expenses** for which you plan to claim a credit . . **F** ______

G Add lines A through F and enter total here. **Note:** *This amount may be different from the number of exemptions you claim on your return* ▶ **G** ______

For accuracy, do all worksheets that apply.
- If you plan to **itemize or claim adjustments to income** and want to reduce your withholding, see the Deductions and Adjustments Worksheet on page 2.
- If you are **single** and have **more than one job** and your combined earnings from all jobs exceed $29,000 OR if you are **married** and have a **working spouse or more than one job,** and the combined earnings from all jobs exceed $50,000, see the Two-Earner/Two-Job Worksheet on page 2 if you want to avoid having too little tax withheld.
- If **neither** of the above situations applies, **stop here** and enter the number from line G on line 5 of Form W-4 below.

Cut here and give the certificate to your employer. Keep the top portion for your records.

Form **W-4**
Department of the Treasury
Internal Revenue Service

Employee's Withholding Allowance Certificate

▶ **For Privacy Act and Paperwork Reduction Act Notice, see reverse.**

OMB No. 1545-0010
1992

1 Type or print your first name and middle initial — Last name

2 Your social security number

Home address (number and street or rural route)

3 ☐ Single ☐ Married ☐ Married, but withhold at higher Single rate.
Note: *If married, but legally separated, or spouse is a nonresident alien, check the Single box.*

City or town, state, and ZIP code

4 If your last name differs from that on your social security card, check here and call 1-800-772-1213 for more information . ▶ ☐

5 Total number of allowances you are claiming (from line G above or from the Worksheets on back if they apply) **5** ______

6 Additional amount, if any, you want deducted from each paycheck . . . . **6** $ ______

7 I claim exemption from withholding and I certify that I meet **ALL** of the following conditions for exemption:
- Last year I had a right to a refund of **ALL** Federal income tax withheld because I had **NO** tax liability; **AND**
- This year I expect a refund of **ALL** Federal income tax withheld because I expect to have **NO** tax liability; **AND**
- This year if my income exceeds $600 and includes nonwage income, another person cannot claim me as a dependent.

If you meet all of the above conditions, enter the year effective and "EXEMPT" here . . . ▶ **7** 19

8 Are you a full-time student? (**Note:** *Full-time students are not automatically exempt.*) . . . . **8** ☐ **Yes** ☐ **No**

Under penalties of perjury, I certify that I am entitled to the number of withholding allowances claimed on this certificate or entitled to claim exempt status.

Employee's signature ▶ **Date** ▶ , 19

9 Employer's name and address (Employer: Complete 9 and 11 only if sending to the IRS)	10 Office code (optional)	11 Employer identification number

Cat. No. 10220Q

TRANSPARENCY 2A-2

Form W-4 (1992) Page 2

Deductions and Adjustments Worksheet

Note: *Use this worksheet only if you plan to itemize deductions or claim adjustments to income on your 1992 tax return.*

1 Enter an estimate of your 1992 itemized deductions. These include: qualifying home mortgage interest, charitable contributions, state and local taxes (but not sales taxes), medical expenses in excess of 7.5% of your income, and miscellaneous deductions. (For 1992, you may have to reduce your itemized deductions if your income is over $105,250 ($52,625 if married filing separately). Get Pub. 919 for details.) 1 $ ____

2 Enter:
- $6,000 if married filing jointly or qualifying widow(er)
- $5,250 if head of household
- $3,600 if single
- $3,000 if married filing separately

. . . . 2 $ ____

3 **Subtract** line 2 from line 1. If line 2 is greater than line 1, enter -0- 3 $ ____

4 Enter an estimate of your 1992 adjustments to income. These include alimony paid and deductible IRA contributions 4 $ ____

5 **Add** lines 3 and 4 and enter the total . . . . . 5 $ ____

6 Enter an estimate of your 1992 nonwage income (such as dividends or interest income) . . . . 6 $ ____

7 **Subtract** line 6 from line 5. Enter the result, but not less than -0- . . . . . 7 $ ____

8 **Divide** the amount on line 7 by $2,500 and enter the result here. Drop any fraction . . . . 8 ____

9 Enter the number from Personal Allowances Worksheet, line G, on page 1 . . . . 9 ____

10 **Add** lines 8 and 9 and enter the total here. If you plan to use the Two-Earner/Two-Job Worksheet, also enter the total on line 1, below. Otherwise, **stop here** and enter this total on Form W-4, line 5, on page 1 10

Two-Earner/Two-Job Worksheet

Note: *Use this worksheet only if the instructions for line G on page 1 direct you here.*

1 Enter the number from line G on page 1 (or from line 10 above if you used the Deductions and Adjustments Worksheet) 1 ____

2 Find the number in **Table 1** below that applies to the **LOWEST** paying job and enter it here . . . . . 2 ____

3 If line 1 is **GREATER THAN OR EQUAL TO** line 2, subtract line 2 from line 1. Enter the result here (if zero, enter -0-) and on Form W-4, line 5, on page 1. **DO NOT** use the rest of this worksheet . . . 3 ____

Note: *If line 1 is* ***LESS THAN*** *line 2, enter -0- on Form W-4, line 5, on page 1. Complete lines 4–9 to calculate the additional dollar withholding necessary to avoid a year-end tax bill.*

4 Enter the number from line 2 of this worksheet . . . . 4 ____

5 Enter the number from line 1 of this worksheet . . . . 5 ____

6 **Subtract** line 5 from line 4 . . . . 6 ____

7 Find the amount in **Table 2** below that applies to the **HIGHEST** paying job and enter it here . . . . 7 $ ____

8 **Multiply** line 7 by line 6 and enter the result here. This is the additional annual withholding amount needed 8 $ ____

9 Divide line 8 by the number of pay periods remaining in 1992 (For example, divide by 26 if you are paid every other week and you complete this form in December of 1991.) Enter the result here and on Form W-4, line 6, page 1. This is the additional amount to be withheld from each paycheck . . . . . . 9 $

Table 1: Two-Earner/Two-Job Worksheet

Married Filing Jointly		All Others	
If wages from **LOWEST** paying job are—	Enter on line 2 above	If wages from **LOWEST** paying job are—	Enter on line 2 above
0 - $4,000	0	0 - $6,000	0
4,001 - 8,000	1	6,001 - 10,000	1
8,001 - 13,000	2	10,001 - 14,000	2
13,001 - 18,000	3	14,001 - 18,000	3
18,001 - 22,000	4	18,001 - 22,000	4
22,001 - 26,000	5	22,001 - 45,000	5
26,001 - 30,000	6	45,001 and over	6
30,001 - 35,000	7		
35,001 - 40,000	8		
40,001 - 60,000	9		
60,001 - 80,000	10		
80,001 and over	11		

Table 2: Two-Earner/Two-Job Worksheet

Married Filing Jointly		All Others	
If wages from **HIGHEST** paying job are—	Enter on line 7 above	If wages from **HIGHEST** paying job are—	Enter on line 7 above
0 - $50,000	$340	0 - $27,000	$340
50,001 - 100,000	640	27,001 - 58,000	640
100,001 and over	710	58,001 and over	710

Privacy Act and Paperwork Reduction Act Notice.—We ask for the information on this form to carry out the Internal Revenue laws of the United States The Internal Revenue Code requires this information under sections 3402(f)(2)(A) and 6109 and their regulations. Failure to provide a completed form will result in your being treated as a single person who claims no withholding allowances. Routine uses of this information include giving it to the Department of Justice for civil and criminal litigation and to cities, states, and the District of Columbia for use in administering their tax laws.

The time needed to complete this form will vary depending on individual circumstances. The estimated average time is: **Recordkeeping** 46 min., **Learning about the law or the form** 10 min., **Preparing the form** 70 min. If you have comments concerning the accuracy of these time estimates or suggestions for making this form more simple, we would be happy to hear from you. You can write to both the **Internal Revenue Service,** Washington, DC 20224. Attention: IRS Reports Clearance Officer, T:FP; and the **Office of Management and Budget,** Paperwork Reduction Project (1545-0010), Washington, DC 20503. **DO NOT** send the tax form to either of these offices. Instead, give it to your employer.

UNDERSTANDING TAX FORMS

TRANSPARENCY 2B

Department of the Treasury—Internal Revenue Service

Form **1040EZ** **Income Tax Return for Single Filers With No Dependents** **1991**

OMB No 1545-0675

Name & address

Use the IRS label (see page 10). If you don't have one, please print.

Please print your numbers like this: 9876543210

LABEL HERE

Print your name (first, initial, last)

Your social security number

Home address (number and street). (If you have a P.O. box, see page 11.) Apt. no.

City, town or post office, state, and ZIP code. (If you have a foreign address, see page 11.)

Please see instructions on the back. Also, see the Form 1040EZ booklet.

Presidential Election Campaign (see page 11)
Do you want $1 to go to this fund? ☐ Yes ☐ No

Note: *Checking "Yes" will not change your tax or reduce your refund.*

Dollars Cents

Report your income

Attach Copy B of Form(s) W-2 here. Attach tax payment on top of Form(s) W-2

1 Total wages, salaries, and tips. This should be shown in Box 10 of your W-2 form(s). (Attach your W-2 form(s).) 1

2 Taxable interest income of $400 or less. If the total is more than $400, you cannot use Form 1040EZ. 2

3 Add line 1 and line 2. This is your **adjusted gross income.** 3

Note: *You must check Yes or No.*

4 Can your parents (or someone else) claim you on their return?
☐ **Yes.** Do worksheet on back; enter amount from line E here.
☐ **No.** Enter 5,550.00. This is the total of your standard deduction and personal exemption. 4

5 Subtract line 4 from line 3. If line 4 is larger than line 3, enter 0. This is your **taxable income.** 5

Figure your tax

6 Enter your Federal income tax withheld from Box 9 of your W-2 form(s). 6

7 **Tax.** Use the amount on **line 5** to find your tax in the tax table on pages 16-18 of the booklet. Enter the tax from the table on this line. 7

Refund or amount you owe

8 If line 6 is larger than line 7, subtract line 7 from line 6. This is your **refund.** 8

9 If line 7 is larger than line 6, subtract line 6 from line 7. This is the **amount you owe.** Attach your payment for full amount payable to the "Internal Revenue Service." Write your name, address, social security number, daytime phone number, and "1991 Form 1040EZ" on it. 9

Sign your return

Keep a copy of this form for your records

I have read this return. Under penalties of perjury, I declare that to the best of my knowledge and belief, the return is true, correct, and complete.

Your signature X

Date

Your occupation

For IRS Use Only—Please do not write in boxes below.

For Privacy Act and Paperwork Reduction Act Notice, see page 4 in the booklet. Cat. No. 11329W Form 1040EZ (1991)

TRANSPARENCY 2B-1

1991 Instructions for Form 1040EZ

Use this form if

- Your filing status is single.
- You do not claim any dependents.
- You were under 65 and not blind at the end of 1991.
- Your taxable income (line 5) is less than $50,000.
- You had **only** wages, salaries, tips, and taxable scholarship or fellowship grants, and your taxable interest income was $400 or less. **Caution:** *If you earned tips (including allocated tips) that are not included in Box 13 and Box 14 of your W-2, you may not be able to use Form 1040EZ. See page 12 in the booklet.*
- You did not receive any advance earned income credit payments.

If you are not sure about your filing status, see page 6 in the booklet. If you have questions about dependents, see Tele-Tax (topic no. 155) on page 25 in the booklet.

If you can't use this form, see Tele-Tax (topic no. 152) on page 25 in the booklet.

Completing your return

Please print your numbers inside the boxes. Do not type your numbers. Do not use dollar signs.

Most people can fill out the form by following the instructions on the front. But you will have to use the booklet if you received a scholarship or fellowship grant or tax-exempt interest income (such as on municipal bonds). Also use the booklet if you received a 1099-INT showing income tax withheld (backup withholding) or if you had two or more employers and your total wages were more than $53,400.

Remember, you must report your wages, salaries, and tips even if you don't get a W-2 form from your employer. You must also report all your taxable interest income, including interest from savings accounts at banks, savings and loans, credit unions, etc., even if you don't get a Form 1099-INT.

If you paid someone to prepare your return, that person must also sign it and show other information. See page 15 in the booklet.

Standard deduction worksheet for dependents who checked "Yes" on line 4

Fill in this worksheet to figure the amount to enter on line 4 if someone can claim you as a dependent (even if that person chooses not to claim you).

A. Enter the amount from line 1 on front. A. ______

B. Minimum amount. B. 550.00

C. **Compare** the amounts on lines A and B above. Enter the LARGER of the two amounts here. C. ______

D. Maximum amount. D. 3,400.00

E. **Compare** the amounts on lines C and D above. Enter the SMALLER of the two amounts here and on line 4 on front. E. ______

If you checked "No" because no one can claim you as a dependent, enter 5,550.00 on line 4. This is the total of your standard deduction (3,400.00) and personal exemption (2,150.00).

Avoid common mistakes

This checklist is to help you make sure that your form is filled out correctly.

1. Are your name, address, and social security number on the label correct? If not, did you correct the label?
2. If you didn't get a label, did you enter your name, address (including ZIP code), and social security number in the spaces provided on page 1 of Form 1040EZ?
3. Did you check the "Yes" box on line 4 if your parents (or someone else) can claim you as a dependent on their 1991 return (even if they choose not to claim you)? If no one can claim you as a dependent, did you check the "No" box?
4. Did you enter an amount on line 4? If you checked the "Yes" box on line 4, did you fill out the worksheet above to figure the amount to enter? If you checked the "No" box, did you enter 5,550.00?
5. Did you check your computations (additions, subtractions, etc.) especially when figuring your taxable income, Federal income tax withheld, and your refund or amount you owe?
6. Did you use the amount from **line 5** to find your tax in the tax table? Did you enter the correct tax on line 7?
7. Did you attach your W-2 form(s) to the left margin of your return? And, did you sign and date Form 1040EZ and enter your occupation?

Mailing your return

Mail your return by **April 15, 1992**. Use the envelope that came with your booklet. If you don't have that envelope, see page 19 in the booklet for the address to use.

TRANSPARENCY 2C-1

Form **1040A** Department of the Treasury—Internal Revenue Service
U.S. Individual Income Tax Return **1991** OMB No. 1545-0085

Step 1
Label
(See page 16.)
Use the IRS label. Otherwise, please print or type.

LABEL HERE

Your first name and initial | Last name

If a joint return, spouse's first name and initial | Last name

Home address (number and street). (If you have a P.O. box, see page 16.) | Apt. no.

City, town or post office, state, and ZIP code. (If you have a foreign address, see page 16.)

Your social security no.

Spouse's social security no.

For Privacy Act and Paperwork Reduction Act Notice, see page 3.

Presidential Election Campaign Fund (see page 17)
Do you want $1 to go to this fund? . . . . ☐ Yes ☐ No
If joint return, does your spouse want $1 to go to this fund? ☐ Yes ☐ No

Note: *Checking "Yes" will not change your tax or reduce your refund.*

Step 2
Check your filing status
(Check only one.)

1 ☐ Single
2 ☐ Married filing joint return (even if only one had income)
3 ☐ Married filing separate return. Enter spouse's social security number above and spouse's full name here ▶ ____
4 ☐ Head of household (with qualifying person). (See page 18.) If the qualifying person is a child but not your dependent, enter this child's name here ▶ ____
5 ☐ Qualifying widow(er) with dependent child (year spouse died ▶ 19 ____). (See page 19.)

Step 3
Figure your exemptions
(See page 20.)

If more than seven dependents, see page 23.

6a ☐ **Yourself.** If your parent (or someone else) can claim you as a dependent on his or her tax return, do not check box 6a. But be sure to check the box on line 18b on page 2.
b ☐ **Spouse**

No. of boxes checked on 6a and 6b ____

c **Dependents:**

(1) Name (first, initial, and last name)	(2) Check if under age 1	(3) If age 1 or older, dependent's social security number	(4) Dependent's relationship to you	(5) No. of months lived in your home in 1991

No. of your children on 6c who:
- **lived with you** ____
- **didn't live with you due to divorce or separation (see page 23)** ____

No. of other dependents listed on 6c ____

d If your child didn't live with you but is claimed as your dependent under a pre-1985 agreement, check here . . . ▶ ☐
e Total number of exemptions claimed.

Add numbers entered on lines above ☐

Step 4
Figure your total income

Attach Copy B of your Forms W-2 and 1099-R here.

Attach check or money order on top of any Forms W-2 or 1099-R.

7 Wages, salaries, tips, etc. This should be shown in Box 10 of your W-2 form(s). (Attach Form(s) W-2.) 7
8a **Taxable** interest income (see page 26). (If over $400, also complete and attach Schedule 1, Part I.) 8a
b **Tax-exempt** interest. (DO NOT include on line 8a.) 8b
9 Dividends. (If over $400, also complete and attach Schedule 1, Part II.) 9
10a Total IRA distributions. 10a | 10b Taxable amount (see page 27). 10b
11a Total pensions and annuities. 11a | 11b Taxable amount (see page 27). 11b
12 Unemployment compensation (insurance) from Form(s) 1099-G. 12
13a Social security benefits. 13a | 13b Taxable amount (see page 31). 13b
14 Add lines 7 through 13b (far right column). This is your **total income.** ▶ 14

Step 5
Figure your adjusted gross income

15a Your IRA deduction from applicable worksheet. 15a
b Spouse's IRA deduction from applicable worksheet. Note: *Rules for IRAs begin on page 33.* 15b
c Add lines 15a and 15b. These are your **total adjustments.** 15c
16 Subtract line 15c from line 14. This is your **adjusted gross income.** (If less than $21,250, see "Earned income credit" on page 41.) ▶ 16

Cat. No. 11327A

TRANSPARENCY 2C-2

1991 Form 1040A

Page 2

Step 6

17 Enter the amount from line 16. 17

18a Check if: ☐ **You were 65 or older** ☐ Blind ☐ **Spouse was 65 or older** ☐ Blind } **Enter number of boxes checked ▶** 18a ☐

b If your parent (or someone else) can claim you as a dependent, check here . . . . ▶ 18b ☐

c If you are married filing separately and your spouse files Form 1040 and itemizes deductions, see page 37 and check here . ▶ 18c ☐

Figure your standard deduction,

19 Enter the **standard deduction** shown below for your filing status. **But if you checked any box on line 18a or b,** go to page 37 to find your standard deduction. **If you checked box 18c,** enter -0-.

- Single—$3,400 • Head of household—$5,000
- Married filing jointly or Qualifying widow(er)—$5,700
- Married filing separately—$2,850 19

20 Subtract line 19 from line 17. (If line 19 is more than line 17, enter -0-.) 20

exemption amount, and taxable income

21 Multiply $2,150 by the total number of exemptions claimed on line 6e. 21

22 Subtract line 21 from line 20. (If line 21 is more than line 20, enter -0-.) This is your **taxable income.** ▶ 22

Step 7

Figure your tax, credits, and payments

If you want the IRS to figure your tax, see the instructions for line 22 on page 38.

23 Find the tax on the amount on line 22. Check if from: ☐ Tax Table (pages 44–49) or ☐ Form 8615 (see page 39) 23

24a Credit for child and dependent care expenses. Complete and attach Schedule 2. 24a

b Credit for the elderly or the disabled. Complete and attach Schedule 3. 24b

c Add lines 24a and 24b. These are your **total credits.** 24c

25 Subtract line 24c from line 23. (If line 24c is more than line 23, enter -0-.) 25

26 Advance earned income credit payments from Form W-2. 26

27 Add lines 25 and 26. This is your **total tax.** ▶ 27

28a Total Federal income tax withheld. (If any tax is from Form(s) 1099, check here ▶ ☐ .) 28a

b 1991 estimated tax payments and amount applied from 1990 return. 28b

c **Earned income credit.** Complete and attach Schedule EIC. 28c

d Add lines 28a, 28b, and 28c. These are your **total payments.** ▶ 28d

Step 8

Figure your refund or amount you owe

29 If line 28d is more than line 27, subtract line 27 from line 28d. This is the amount you **overpaid.** 29

30 Amount of line 29 you want **refunded to you.** 30

31 Amount of line 29 you want **applied to your 1992 estimated tax.** 31

Attach check or money order on top of Form(s) W-2, etc., on page 1.

32 If line 27 is more than line 28d, subtract line 28d from line 27. This is the **amount you owe.** Attach check or money order for full amount payable to the "Internal Revenue Service." Write your name, address, social security number, daytime phone number, and "1991 Form 1040A" on it. 32

33 Estimated tax penalty (see page 43). 33

Step 9

Sign your return

Keep a copy of this return for your records.

Under penalties of perjury, I declare that I have examined this return and accompanying schedules and statements, and to the best of my knowledge and belief, they are true, correct, and complete. Declaration of preparer (other than the taxpayer) is based on all information of which the preparer has any knowledge.

▶ Your signature	Date	Your occupation
▶ Spouse's signature (if joint return, BOTH must sign)	Date	Spouse's occupation

Paid preparer's use only

Preparer's signature ▶	Date	Check if self-employed ☐	Preparer's social security no.
Firm's name (or yours if self-employed) and address ▶		E.I. No.	
		ZIP code	

TRANSPARENCY 2C-3

Schedule 1
(Form 1040A)

Department of the Treasury—Internal Revenue Service
Interest and Dividend Income for Form 1040A Filers

1991

OMB No. 1545-0085

Name(s) shown on Form 1040A

Your social security number

Part I

Interest income

(See pages 26 and 50.)

Complete this part and attach Schedule 1 to Form 1040A if:

- You have over $400 in taxable interest, or
- You are claiming the exclusion of interest from series EE U.S. savings bonds issued after 1989.

If you are claiming the exclusion or you received, as a nominee, interest that actually belongs to another person, **see page 50.**

Note: *If you received a Form 1099–INT, Form 1099–OID, or substitute statement, from a brokerage firm, enter the firm's name and the total interest shown on that form.*

1	List name of payer		Amount
		1	
2	Add the amounts on line 1.	2	
3	Enter the excludable savings bond interest, if any, from Form 8815, line 14. Attach Form 8815 to Form 1040A.	3	
4	Subtract line 3 from line 2. Enter the result here and on Form 1040A, line 8a.	4	

Part II

Dividend income

(See pages 26 and 51.)

Complete this part and attach Schedule 1 to Form 1040A if you received over $400 in dividends.

If you received, as a nominee, dividends that actually belong to another person, see page 51.

Note: *If you received a Form 1099–DIV, or substitute statement, from a brokerage firm, enter the firm's name and the total dividends shown on that form.*

5	List name of payer		Amount
		5	
6	Add the amounts on line 5. Enter the total here and on Form 1040A, line 9.	6	

For Paperwork Reduction Act Notice, see Form 1040A instructions. Cat. No. 12075R **Schedule 1 (Form 1040A) 1991**

UNIT 3

UNDERSTANDING STATE AND LOCAL TAXES

LESSON STATE AND LOCAL TAXES

PURPOSE

To help students understand that state and local governments need revenue to provide goods and services for their residents.

OBJECTIVES

Students will list kinds of taxes collected by state and local governments and identify the nature of the taxes – consumption, income, or wealth.

Students will give examples of goods and services provided by state and local tax revenues.

MATERIALS

Transparency 3, "Three Primary Tax Bases," identifying the three economic tax bases and listing examples of each.

KEY TERMS

Consumption Tax – A tax imposed on using a product or service. The most common are sales and excise taxes.

Use (or User) Tax – Similar to a sales tax, but imposed for the use of something. The tax may be imposed on a lease, such as for storage, or on the purchase of property not covered by sales tax.

Wealth (Property) Tax – A tax on property, based on the value of the property.

OPENING THE LESSON

Have your students create a list of when and where they pay taxes ("April 15th," "every week," "when I buy groceries," "when I buy gas," "at the record store," etc.) If necessary, have them include their families and neighbors. Encourage them to suggest examples of taxes based on income, on consumption (e.g., sales taxes), and on wealth (e.g., property taxes).

In order to explore the variety of taxes levied by most states (income taxes, sales taxes, and wealth and property taxes) you will want to introduce your students to the basic resources (called economic bases) that are commonly taxed.

DEVELOPING THE LESSON

Review students' comments and, using the transparency, introduce your students to the three important state and local taxes (income, consumption, and property and wealth). The following background information can be used to supplement the transparency as you see fit:

- In the majority of states, the earnings of both individuals and corporations are subject to **income taxes.** The individual income a taxpayer earns in a year's time from all sources – including wages, interest from banks, dividends from stocks, tips, etc. – reflects a primary base for taxation.
- Most states also impose corporate income taxes based on the earnings and profits of a company or business. As is the case with individual income taxes, some states also provide certain adjustments to business income tax through tax exemptions. And, in some states, corporate income tax rates are kept lower than in other states as a way of attracting new business.
- As an economics term, "consumption" may be new to your students. As you introduce **consumption taxes,** you may want to have your class list goods and services that they and their families consume. Refer to these as you present the most important kinds of consumption taxes in many states: **sales taxes, use taxes, and excise taxes.**
- **Sales taxes** are usually paid on items such as cars, clothing, and movie tickets, and are an important source of revenue for most states (and some large cities and counties). **Use taxes** are usually imposed for the storage, use, or purchase of personal property, and are very similar to sales taxes. Usually, use taxes are applied to lease or rental transactions, or to major items (such as automobiles) purchased outside of the state.
- **Excise taxes** (sometimes called "luxury taxes") place the burden of paying a tax directly on the consumer (and sometimes the producer as well) of a good or service. An example is the gasoline excise tax. Every state imposes a liquid fuel tax on gasoline and diesel fuel purchased within the state. Most often, this is a cents-per-gallon tax, and rates vary from state to state. As with other types of taxes, states make allowances available to certain groups (volunteer fire companies, for example) by exempting them from paying tax on their gasoline consumption. Some states also impose excise taxes on tires, fishing equipment, airplane tickets, beer and liquor, firearms, and tobacco products.
- **Wealth or property taxes** are the most important source of income for local governments today. People usually pay property tax to the county, school district, local government, or water district. It is, however, the state that establishes the guidelines under which local governments can impose property taxes. The revenue from property taxes usually goes toward financing public services, such as public schools, police protection, and sanitation. The amount of tax to be paid is figured on the total value of the property or on a certain percentage of the value. Most states divide "property and wealth" into two broad categories: real property and personal property.
- Taxes on real property tax private homes, land, and business property on the basis of the property's value. In general, real property is defined as land and items that are permanently attached to the land. Some state and local governments

also impose taxes on personal property, which is basically property that is not real property. Examples of personal property include cars, boats, recreational vehicles, livestock, business inventories and stock-on-hand, computers, equipment, tools, and furniture. Other taxes on property and wealth include inheritance, estate, and gift taxes.

CONCLUDING THE LESSON

Make students aware that the state tax programs discussed above account for the majority of revenues collected by the states. There are other important taxes in some states though, including inheritance taxes, estate taxes, and vendor taxes. If these apply in your state, explain that inheritance taxes are imposed on the transfer of property after the owner's death, and paid by the beneficiary of the property. Estate taxes differ in that they are imposed on the entire estate of the deceased. The federal government, as well as some state governments, imposes estate taxes.

A vendor tax system taxes the person doing business. This tax is imposed by some states based on the amount of goods sold. For example, if you owned a record store, you would be taxed by your state for the right to sell records to the public. The amount of tax you paid would be based upon how many records you sold.

EXTENDING THE LESSON

You may want to contact a local official (the county recorder's office in many states) to make a presentation to your class concerning how property taxes are assessed in your state or locality, what kind of property is exempt, and how the revenue from property taxes is used.

To determine the value of a piece of real property for tax purposes, an assessor is often employed. The assessor determines how much a piece of property would sell for if it were being sold today. This is called the property's market value. For example, an assessor appraising a house would investigate the sale of a similar house in the area, the general market conditions of the day, the location and age of the house, and the construction of the house.

As with other taxes, various states may also exempt some groups or organizations from paying real property taxes. Hospitals, schools, religious facilities, and state and local governments are placed within the exemption category in many states.

You might also contact your state income tax bureau and arrange for a representative to speak to your class. Have your students prepare questions in advance concerning your state's official definitions of taxable income, allowances, deductions, and exemptions that are available to all taxpayers.

If there is a lottery in your state, allow a volunteer or small group of volunteers to research the lottery for extra credit. The students might report on the revenue raised by the lottery and how it is being spent. Does the lottery keep taxes lower or provide services that might not otherwise be available? Is the lottery faring as well as predicted? Are the funds raised by the lottery being used as intended? If not, why not?

TRANSPARENCY 3

THREE PRIMARY TAX BASES

Consumption (sales) Taxes

automobiles
clothes
stereos
refrigerators
washing machines
cassette tapes
furniture
bicycles
computers
paper
air conditioners
boats

Wealth (property) Tax

land
homes
permanent structures (barns, garages, shed, etc.)
rental property
livestock
recreational vehicles
boats
business inventories
inheritance, estate, and gift taxes

Income Tax

wages and salaries
stock dividends
interest on savings
welfare and social security benefits
insurance benefits

SCANTRON FORM NO 23192-TMC

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UNIT 3

UNDERSTANDING TAXES!

EVALUATION FORM

Please indicate your choice by filling in the appropriate box with a #2 pencil.

Name: ______________________

School name: ______________________

School address: ______________________

City: ______________ State: __________ Zip: __________

1. How would you rate the treatment of the subject matter in this unit?
☐ thorough ☐ adequate
☐ too brief ☐ inadequate

2. How would you rate student interest in this unit?
☐ high ☐ good
☐ fair ☐ poor

3. After working with this unit, how would you rate the students' knowledge of the subject matter?
☐ greatly improved ☐ much improved
☐ somewhat improved ☐ not improved

4. In what class did you use this unit?
☐ economics ☐ business ed. ☐ vocational ed.
☐ home ec./consumer ed. ☐ civics/government ☐ other

5. With what grade did you use this unit?
☐ 7 or 8 ☐ 9 ☐ 10
☐ 11 ☐ 12

6. With how many students did you use this unit?
☐ fewer than 30 ☐ 30-50 ☐ 51-75
☐ 76-100 ☐ 101-200 ☐ more than 200

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UNIT 3

UNDERSTANDING TAXES!

EVALUATION FORM

Please indicate your choice by filling in the appropriate box with a #2 pencil.

Name: ______________________

School name: ______________________

School address: ______________________

City: ______________ State: __________ Zip: __________

1. How would you rate the treatment of the subject matter in this unit?
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☐ too brief ☐ inadequate

2. How would you rate student interest in this unit?
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☐ fair ☐ poor

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☐ somewhat improved ☐ not improved

4. In what class did you use this unit?
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☐ home ec./consumer ed. ☐ civics/government ☐ other

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6. With how many students did you use this unit?
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☐ 76-100 ☐ 101-200 ☐ more than 200

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UNIT 4

UNDERSTANDING HOW TAXES EVOLVE

LESSON A EVOLUTION OF OUR FEDERAL TAX SYSTEM

PURPOSE

To help students understand the constitutional basis of our federal tax system and how it has evolved in response to three major themes in U.S. tax history.

OBJECTIVES

Students will explain that the federal government's authority to levy taxes is based on the Constitution and subsequent legislation.

Students will identify three major themes in the evolution of our federal tax system as:

- The need to raise revenue.
- The desire to be fair to different income groups.
- The desire to influence people's behavior toward socially desirable ends.

Students will explain the significance of the following key developments in the evolution of our federal tax system:

- The enforcement of early excise taxes on whiskey.
- The 16th Amendment to the Constitution.
- The Social Security Act of 1935.
- The adoption of income tax withholding during World War II.
- The continuing use of tax deductions to encourage behavior such as home ownership and charitable contributions.

MATERIALS

A video entitled, "Evolution of Our Federal Tax System."

Transparency 4A-1, "Regressive and Progressive Taxes," comparing these taxes graphically.

Transparency 4A-2, "Tax Rates and the Tax Base," showing the relationship between high and low tax rates and narrow and wide tax bases.

Student handout 4A-1, "Key Terms."

Student handout 4A-2, "Identifying Tax Policy Concerns," on which students distinguish among important tax policy objectives.

KEY TERMS

Excise Taxes
Import Duties
Itemized Deductions
Payroll Taxes
Personal Income Taxes
Tax Credit
Progressive Taxes
Regressive Taxes
Standard Deduction
Taxable Income
Taxes
Tax Exemption
Tax Liability
Withholding

(See student handout 4A-1, "Key Terms," for definitions of these terms. Depending on how you want to use this and subsequent lessons, you may not want to emphasize all these terms at the same time. If duplicated and distributed to students, this student handout can be a basic reference resource for repeated use with different lessons.)

OPENING THE LESSON

Explain to students that this lesson is about how the federal tax system came to be the way it is today. Briefly review the Key Terms you want to emphasize for this lesson to make sure students are familiar with their meanings.

On the chalkboard, list the three underlying themes that have shaped the U.S. tax system: the need to **raise revenue,** the attempt to **be fair,** and the desire to **influence behavior.** Ask students to watch for examples of these ideas in the video program.

View the video, "Evolution of Our Federal Tax System":

- A narrator and his friend Doug lead viewers on a historical tour of several key events that have shaped our federal tax system. Graphics, photographs, and sound effects help emphasize the three underlying themes: "Raise Revenue," "Be Fair," and "Influence Behavior."
- The suppression of the Whiskey Rebellion of 1794 illustrates the newly formed federal government's determination to enforce its constitutional authority to levy taxes.
- The War of 1812, the Civil War, World War I, and World War II are examples of times when the government needed to raise additional revenue. The Social Security Act of 1935, which provided for new payroll taxes as well as new types of federal spending programs, is mentioned, and the spread of income tax coverage and the adoption of pay-as-you-earn tax withholding during World War II are dramatized.
- The 16th Amendment, which authorized a progressive income tax, demonstrates the government's desire to be fair to different income groups. Graphics clarify the difference between progressive taxes and regressive taxes. (See transparency 4A-1, "Regressive and Progressive Taxes.")
- The program also shows how taxes and tax deductions influence behavior. Examples include the early excise taxes on whiskey and tobacco to discourage consumption, and post-World War II tax deductions to encourage home ownership and charitable contributions.
- Bringing viewers up to date, the narrator explains how the Tax Reform Act of 1986 lowered tax rates but attempted to raise the same amount of revenue by broadening the tax base. (See transparency 4A-2, "Tax Rates and the Tax Base.")
- A scene from a modern, computerized IRS service center is used to illustrate the point that part of the government's effort to be fair involves processing tax returns as efficiently and correctly as possible.

DEVELOPING THE LESSON

Review the video's content with questions such as:

1. What gives our federal government the right to levy and collect taxes? (The Constitution and subsequent legislation.)

2. Why is the Whiskey Rebellion of 1794 important in tax history? (It tested and reaffirmed the federal government's right to enforce tax policy.)

3. What were some examples in the program of times when the federal government needed to raise additional revenue? (The War of 1812, the Civil War, World War I, and World War II.)

4. Why is the 16th Amendment important in tax history? (It authorized a progressive income tax.)

5. Why was it possible to cut federal income tax rates five times during the 1920s and still collect enough revenue to run the federal government? (There were no wars or social welfare programs, and an expanding economy increased incomes and broadened the tax base.)

6. Why is the Social Security Act of 1935 important in tax history? (It authorized new payroll taxes and new types of federal spending programs.)

7. What impact did World War II have on the federal income tax system? (It greatly expanded the coverage of the income tax, and tax withholding, "pay-as-you-earn" taxation, was adopted in 1943.)

8. How did the Tax Reform Act of 1986 broaden the tax base? (It reduced or eliminated some tax deductions and tax credits. This increased the amount of income subject to taxation.)

9. What were some examples in the program of tax policy's influencing behavior? (Alcohol and tobacco taxes discourage consumption. Tax deductions for interest payments on home mortgages and charitable contributions encourage these activities. Removing the deduction for state sales taxes influenced Doug's decision to buy a new car.)

Duplicate and distribute student handout 4A-2, "Identifying Tax Policy Concerns." This handout asks students to identify the primary concerns of ten statements about tax policy. In some cases more than one concern may be involved. Encourage discussion, and try to get agreement on student answers. **Note:** Suggested handout answers:

1. **R**
2. **F**
3. **B**
4. **R**
5. **F & R**
6. **F & R**
7. **F & R**
8. **R & F**
9. **B**
10. **R & F**

CONCLUDING THE LESSON

Use transparency 4A-1, "Regressive and Progressive Taxes," to emphasize the definitions of these key terms.

Use the five tax brackets below to illustrate how the federal income tax takes a larger percentage of high incomes than low incomes. (You may want to remind students that "taxable income" is less than total income because of tax exemptions and tax deductions.)

1987 TAX RATE

Taxable Income	Rate for a Single Person
0-$1,800	11%
$1,801-$16,800	15%
$16,801-$27,000	28%
$27,001-$54,000	35%
$54,001 & above	38.5%

Have your students discuss this question: Do you think that a progressive income tax is a fair tax?

Explain that import duties and excise taxes are generally classified as regressive taxes because low-income groups spend a large percentage of their income on taxed items. High-income groups usually save and invest a large percentage of their incomes, and thus spend a smaller percentage on items covered by these taxes.

Use transparency 4A-2, "Tax Rates and the Tax Base," to illustrate how the same amount of revenue can be raised with high tax rates and a narrow tax base, or with low tax rates and a wide tax base. (No specific numbers are provided on the transparency, but you could indicate that tax revenue of $3 million can be raised by using a tax rate of 30% on a tax base of $10 million, or by using a tax rate of 10% on a tax base of $30 million. Any other 3-to-1 ratio can be used with the scale shown on the transparency.)

Have your students discuss this statement: Our income tax rates could be a lot lower if we eliminate all exemptions and deductions and make people pay taxes on all of the income they earn. How would this affect tax revenue? Tax fairness? People's behavior?

EXTENDING THE LESSON

Have students identify the specific parts of the Constitution that form the basis of our federal tax policy.

Have students study historical examples of how government social programs relate to tax policy. For example, students might compare and contrast the numerous social programs and related tax policies of President Roosevelt's "New Deal" and President Johnson's "Great Society." Or, students might compare and contrast the policies of "economy in government and tax cuts" of the Coolidge and Reagan administrations.

Students might study in detail the Tax Reform Act of 1986. How much were tax rates lowered? What deductions and tax credits were eliminated? What deductions and tax credits were retained? Do students think this tax reform made our income tax fairer? Why?

Additional video lessons that can be used to develop some of the main points in this lesson in greater depth are Unit Five, Lesson A: "Taxes Raise Revenue"; Unit Five, Lesson C: "Taxes Influence Behavior"; Unit Five, Lesson D: "Taxes Involve Conflicting Goals"; Unit Six, Lesson A: "Taxes Affect Different Income Groups"; and Unit Six, Lesson B: "Taxes...What is Fair?" You may wish to look at the lesson plans, transparencies, and student handouts that accompany these lessons at this time.

OBJECTIVES

Students will describe the formal process of enacting tax legislation, based on Article I of the Constitution and involving separation and sharing of powers among the two houses of Congress and the executive branch of government.

Students will describe the informal process for affecting tax legislation, based on the First Amendment to the Constitution, which guarantees the right of individuals to petition the government and its representatives.

Students will define federal tax policy as a compromise among varying interests of citizens and their representatives in government, who must balance their own views with those of their constituents and other government decision makers.

MATERIALS

A video entitled, "Making Federal Tax Laws."

Transparency 4B, "Tax Laws: Legislative Process," outlining the process by which tax laws are made.

Student handout 4B, "Case Study: The Duck Stamp," presenting a case study for review and discussion.

KEY TERMS

Formal Tax Legislation Process – The strict constitutional steps (involving Congress and the president) that a proposed tax must pass through before it becomes law.

Informal Tax Legislation Process – Individuals and interest groups expressing and promoting their opinions about tax legislation.

OPENING THE LESSON

Explain to students that this lesson is about how taxes become law. Briefly discuss the question, "How do you think a new tax policy becomes law?"

Put the Key Terms for this lesson on the chalkboard and review their meanings with students. Emphasize that tax laws result from a combination of formal (legislative) and informal (lobbying) procedures. Ask students to watch for examples of these two procedures in the video program.

View the video, "Making Federal Tax Laws":

- In this program, Julie and Craig are students who work part-time in Mr. Scribbs's dry cleaning store. The students are concerned when they learn that their employer is worried about how a proposed change in federal tax laws might adversely affect his business. They're even more concerned when they realize their chances for a raise, and maybe even their jobs, may be jeopardized.
- Julie and Craig begin to debate the question of what Mr. Scribbs can do, and they strongly disagree. Julie thinks Mr. Scribbs should contact Congresswoman March about his views on the proposed tax legislation. Craig is skeptical; he doesn't think expressing an opinion would do any good.
- Julie explains the disagreement to Mrs. Pauling, her social studies teacher. Mrs. Pauling tells her that the congresswoman will be making a presentation at school soon, and reminds Julie that everyone has a constitutional right to petition the government and its representatives. In fact, viewers see Congresswoman March receiving two phone calls – one asking her to vote for a particular tax bill, and the other asking her to oppose the very same bill.
- Congresswoman March's presentation to the student assembly includes an outline of the formal steps required for a tax bill to become law. (See transparency 4B, "Tax Laws: Legislative Process.") She also emphasizes the informal procedures by which people can make their views known to governmental decision makers. She states that "the final version of any tax law represents a balance and blending of many conflicting interests."
- The debate between Julie and Craig about how effective an individual can be erupts once again at the student assembly. Craig grudgingly admits that Julie may be right, but settling the debate doesn't solve the problem of raises – or dampen their friendly combativeness.

DEVELOPING THE LESSON

Review the video's content with questions such as:

1. Why was Mr. Scribbs concerned about the proposed tax legislation? (If passed, his after-tax income would go down.)

2. Why were Julie and Craig concerned about it? (Mr. Scribbs might not be able to give them the raises he promised them. In fact, he might not be able to keep them both as employees.)

3. What might Mr. Scribbs do about his concerns? (He could phone or talk in person to his representative, Congresswoman March, and express his opinion. He could write letters, attend meetings, or distribute literature. He could join a special interest group.)

4. What did Mrs. Pauling tell Julie about citizens' rights concerning taxes? (According to the First Amendment, citizens have the right to express their views – individually or in groups – to the government and its representatives.)

5. Why did Congresswoman March say that tax legislation is the result of a balance and blending of many conflicting interests? (During the formal legislative process, people and groups whose interests are affected make their views known to elected representatives, the president, and other government officials.)

Show transparency 4B, "Tax Laws: Legislative Process," to review the formal steps in the procedure by which a tax becomes law.

Duplicate and distribute student handout 4B, "Case Study: The Duck Stamp." Students should read this case study and decide whether they agree or disagree with the statement at the bottom of the handout.

Have students present their opinions in a formal debate. Limit the amount of time each student (or each side) has to present arguments. List the important points side by side on the chalkboard.

CONCLUDING THE LESSON

Have the whole class work out a compromise position, taking into account both sides of the issue. Students should try to balance and blend the conflicting points of view. Finally, take a vote on the compromise position to determine whether a majority of students will accept it.

Point out that being able to present a variety of viewpoints is an important constitutional right, and an essential part of the legislative process. Special interest groups and their lobbyists take advantage of this right by trying to persuade legislators to back their positions. (You may want to explain that the term "lobbying" was coined many years ago, when people waited in the lobbies outside the House and Senate chambers, hoping for the chance to speak with the lawmakers as they entered or left. Today, lobbying is an accepted part of the legislative process, and lobbyists are often viewed by members of Congress as useful sources of information and political support.)

Have students give examples of the types of interest groups that might support or oppose the following tax proposals:

1. Allowing a tax credit for certain child care expenses of working mothers.

2. Allowing taxpayers to deduct contributions to individual retirement accounts.

3. Increasing the federal excise tax on tobacco products.

4. Eliminating the mortgage interest deduction on second homes.

5. Placing a tariff (or import tax) on oil imported from foreign countries.

In the video, Julie thought an individual could make a difference and influence legislation. Craig didn't think an individual could make a difference. Who do you think was right? Why?

EXTENDING THE LESSON

Invite a lobbyist or representative of a tax reform group to speak to the class about the difficulties and rewards of such a job. Or invite representatives of two opposing groups to debate their positions.

Have students examine in detail the many steps through which a new piece of legislation must pass. Do students think the constitutional system of checks and balances prevents unfair laws? Is the system too slow and cumbersome to justify the results?

Have students research the issues and concerns that resulted in a new tax law or the repeal of a tax law. For example, students might consider the 1935 Social Security payroll tax, the excess corporate profits tax that was in effect during the World Wars and the Korean War, or the Tax Reform Act of 1986.

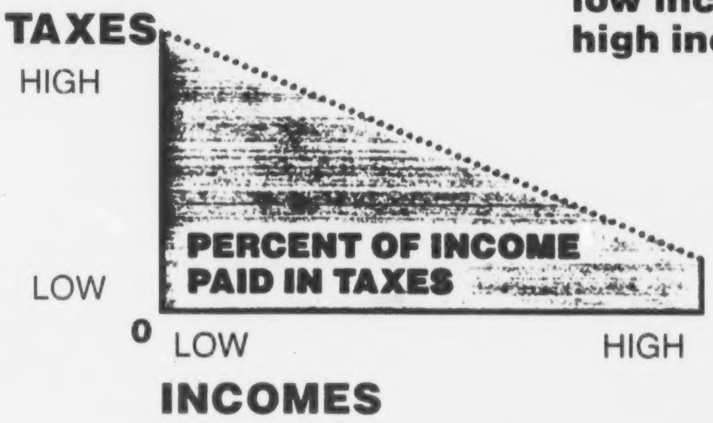
Select a federal tax issue that you think will be of interest to your students and have them write a letter to their representative or senator supporting or opposing legislation on this issue. Have students list the advantages and disadvantages as they see them, and have them indicate what other actions they might take to influence their representative's vote if they felt very strongly about the issue.

TRANSPARENCY 4A-1

REGRESSIVE AND PROGRESSIVE TAXES

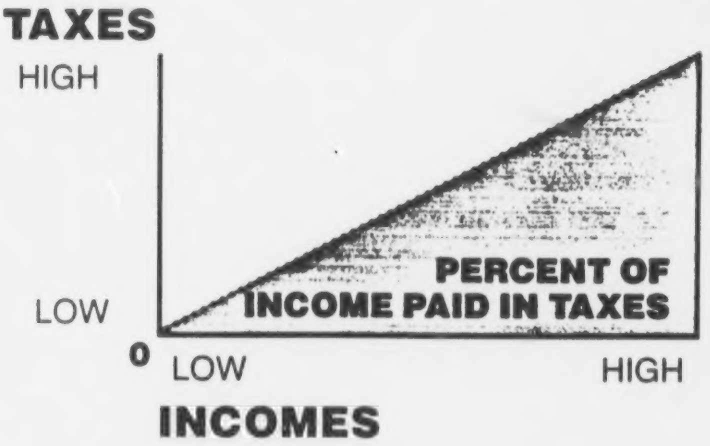
REGRESSIVE

Regressive taxes take a larger percentage of low incomes than high incomes.



PROGRESSIVE

Progressive taxes take a larger percentage of high incomes than low incomes.

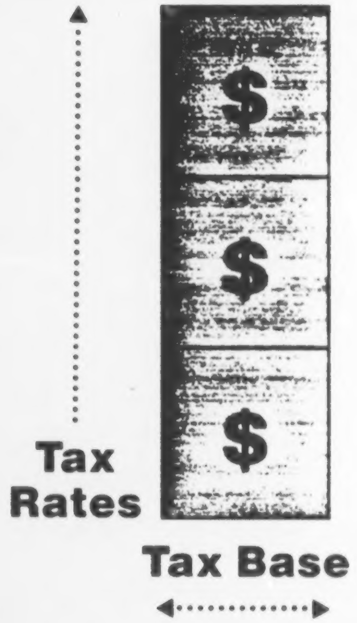


TRANSPARENCY 4A-2

TAX RATES AND THE TAX BASE

The same amount of revenue ($)
can be raised with:

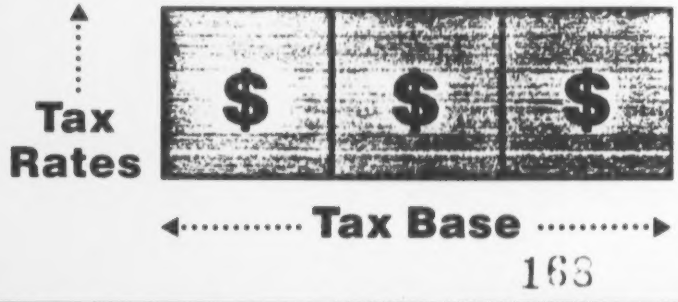
High Tax Rates and a Narrow Tax Base



Increasing exemptions, deductions, and credits narrows the tax base.

or Low Tax Rates and a Wide Tax Base.

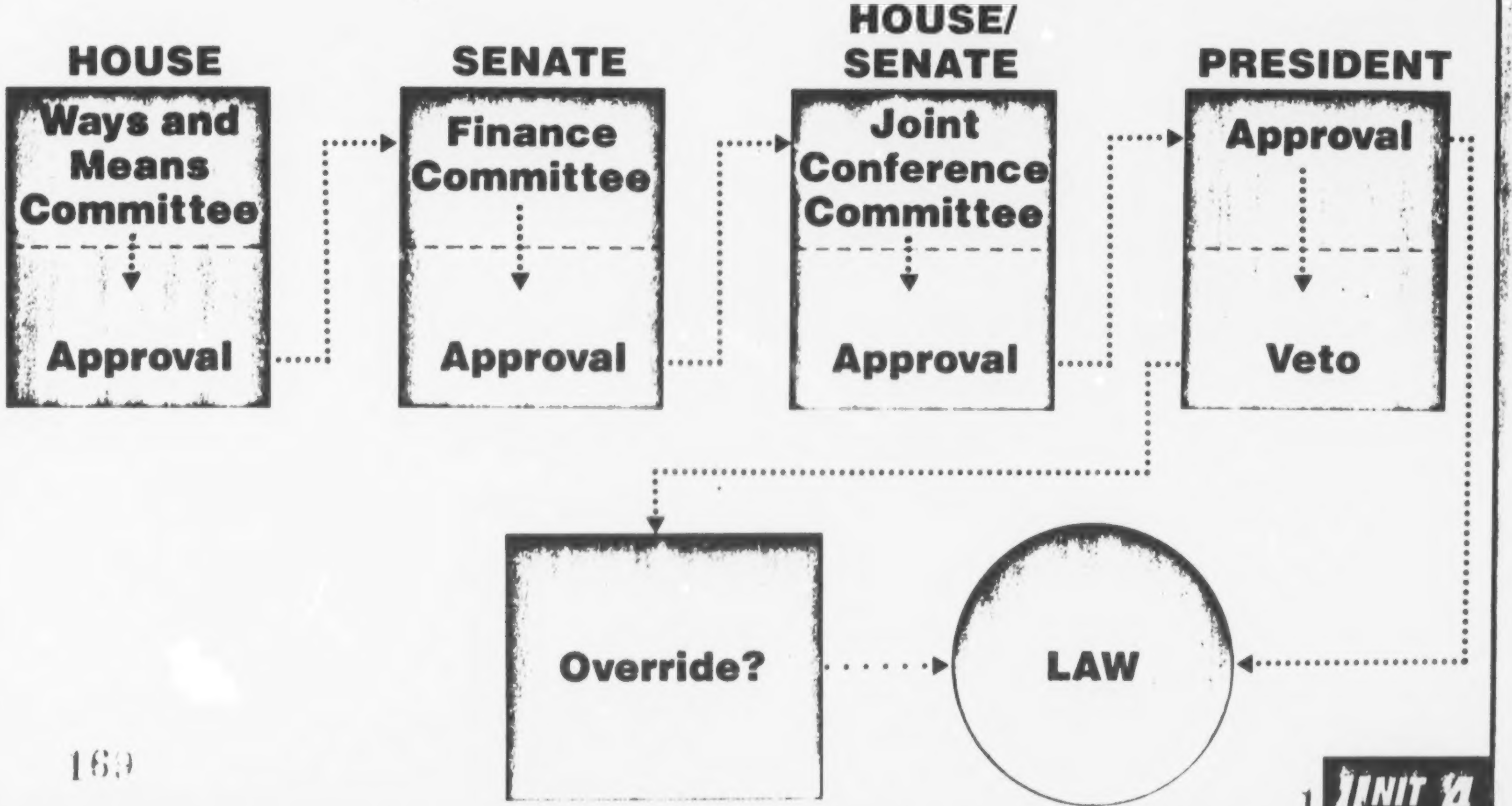
Reducing exemptions, deductions, and credits widens the tax base.



UNDERSTANDING HOW TAXES EVOLVE

TRANSPARENCY 4B

TAX LAWS: THE LEGISLATIVE PROCESS


HOUSE
Ways and Means Committee
Approval
SENATE
Finance Committee
Approval
HOUSE/SENATE
Joint Conference Committee
Approval
PRESIDENT
Approval
Veto
Override?
LAW

STUDENT HANDOUT 4A-1

Key Terms

Taxes
Required payments of money to governments that are used to provide public goods and services.

Excise taxes
Taxes on the sale or use of specific products or transactions.

Import duties (tariffs or customs duties)
Taxes on products imported from foreign countries.

Personal income tax
A tax based on the amount of taxable income that people receive annually. Taxable income is less than total income because of tax exemptions and tax deductions.

Tax liability (or total tax bill)
The amount of tax that must be paid.

Tax exemption
A part of a person's total income that is exempt from taxation. In 1987, federal taxpayers were granted a personal exemption of $1,900 for themselves, their spouse, and each dependent. This exemption is scheduled to increase in future years.

Standard deduction
A part of a person's total income that can be deducted before determining taxable income. In 1987, single taxpayers were given a standard deduction of $2,540, and married taxpayers filing joint returns were given a standard deduction of $3,760. These deductions are scheduled to increase in future years.

Itemized deductions
Taxpayer expenditures on specific items that can be deducted from total income before determining taxable income. Itemized deductions allowed in 1987 include: mortgage interest payments on first and second homes, contributions to charitable organizations, state and local income taxes and property taxes, part of personal interest expenses, major medical expenses, and miscellaneous itemized deductions over certain limits. The personal interest deduction is scheduled to be reduced each year until it is phased out completely in 1991.

A tax deduction reduces tax liability by a fraction based on a taxpayer's tax bracket. That is, a $100 tax deduction reduces tax liability by $15 for a taxpayer in the 15% bracket, by $28 for a taxpayer in the 28% bracket, etc.

Tax credits
Taxpayer expenditures on specific items that can be credited directly against their tax liability. In 1987, certain work-related child-care expenses could be used as tax credits. A tax credit reduces tax liability by the full amount of the credit. That is, a $100 tax credit reduces tax liability by $100, regardless of a taxpayer's tax bracket.

Payroll taxes
Taxes collected from employers and employees to finance specific programs such as unemployment compensation and social security benefits. These taxes are levied on wages, salaries, and self-employment earnings up to a certain ceiling. They do not apply to other forms of income such as interest and dividends.

Progressive taxes
Taxes that take a larger percentage of income from high-income groups than low-income groups.

Regressive taxes
Taxes that take a larger percentage of income from low-income groups than high-income groups.

Taxable income (tax base)
The part of total income subject to taxation. Taxable income is less than total income because of tax exemptions and deductions.

Withholding ("pay-as-you-earn" taxation)
Money that employers withhold from employees' paychecks. This money is sent to the government and credited against the employees' tax liability.

STUDENT HANDOUT 4A-2

Identifying Tax Policy Concerns

Below are several imaginary comments on tax policy that Americans might have made at different times in history. In the blank following each comment, use an **"R,"** a **"B,"** or an **"F"** to identify which of the following appears to be the primary concern of the speaker. In some cases, the speaker may be concerned about more than one thing.

R = Raising revenue.

B = Influencing behavior.

F = Maintaining fairness.

___ 1. Tax advisor to President Washington: "One way to meet our pressing bills is to tax whiskey. We must repay our war debt to show the world that our government can survive."

___ 2. A Pennsylvania farmer in 1794: "Making corn whiskey is the only way we have to market our crop. A whiskey tax is unfair to corn farmers; we'll fight to protect ourselves from this tax."

___ 3. A Congressman in 1822: "We should put a high tax on imported rum to discourage its consumption. Drunkenness threatens our social order."

___ 4. A Senator during the Civil War: "Our national debt is now increasing at the rate of $2 million per day. Only an income tax will give us the revenue we need."

___ 5. An advocate of tax reform in the 1890s: "Excise taxes and import duties fall heaviest on the poor. They spend a larger part of their income on taxed items than do the rich. We need an income tax that will tax the rich and leave the poor alone."

___ 6. A farmer in 1910: "If we don't pass a federal income tax, they might put a property tax on my farm land. You have to pay a property tax even if times are bad, and you don't earn any income."

___ 7. A newspaper editor from Missouri in 1935: "We must support President Roosevelt in his effort to pass the Social Security Act. Many of our people have suffered greatly during the Depression. Government intervention will provide the help they need if we can get the revenue to do it."

___ 8. The mother of two soldiers in 1943: "I don't mind paying my share of income tax. After all, it's my sons fighting over there."

___ 9. A newly-married couple from California in 1978: "Even though our parents think we shouldn't do it, we're going to buy a home. The tax breaks are too good to pass up."

___ 10. A tax advisor to President Reagan: "If we eliminate some deductions and tax credits, we can lower tax rates and still collect the same amount of revenue. Plugging tax loopholes will eliminate many tax inequities."

STUDENT HANDOUT 4B

Case Study: The Duck Stamp

Read the following case study and decide whether you agree or disagree with the statements at the end. Be prepared to defend your position.

In the late 1920s and early 1930s, the population of migrating waterfowl was decreasing, and there was widespread loss of wetlands in the U.S. (Wetlands are marshes and swamps that are natural habitats for many species of wildlife.) Migrating waterfowl were being overhunted and the wetlands that the birds used along their migration routes had dried up, particularly in the Dust Bowl prairie states.

A special interest group of sportsmen and conservationists began to lobby in Washington for a federal program to protect migratory waterfowls and wetlands. They were successful. In 1934 a federal act was passed that authorized what is now the Federal Migratory Waterfowl Stamp, or what many call the "Duck Stamp."

The Duck Stamp is a direct tax (a fee) that applies only to hunters. Anyone in the U.S. who wants to hunt waterfowls must purchase a federal Duck Stamp in addition to a hunting license. (In 1987, a federal Duck Stamp cost $20)

The money that the government collects from the sale of these stamps goes directly to the U.S. Fish and Wildlife Service. It is used for the purchase, development, and maintenance of the nation's wetlands.

Even though the Dust Bowl days are over, loss of wetlands is still a major problem. In the U.S., Canada, and Mexico, 450,000 to 500,000 acres of wetlands are being lost each year. As population increases, pressure to develop these wetlands for private and commercial purposes has grown. To protect their resources, many individual states have instituted their own Duck Stamp programs in addition to the federal program. Just as with the federal stamp, any hunters who want to hunt waterfowl must purchase a stamp. States use the money in the same way as the federal government – to protect their wetlands and the wildlife that lives in them.

Do you agree or disagree with the following statements?

Since everyone benefits from saving wetlands, everyone (not just hunters) should pay for it. General tax revenues (or new taxes) should be used to purchase and maintain wetlands, and the Duck Stamp taxes should be repealed.

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SCANTRON FORM NO 23192-TMC

UNIT 4 UNDERSTANDING TAXES!

EVALUATION FORM

Please indicate your choice by filling in the appropriate box with a #2 pencil.

Name: ____________________

School name: ____________________

School address: ____________________

City: ____________ State: ________ Zip: ________

1. How would you rate the treatment of the subject matter in this unit?
   - ☐ thorough
   - ☐ adequate
   - ☐ too brief
   - ☐ inadequate

2. How would you rate student interest in this unit?
   - ☐ high
   - ☐ good
   - ☐ fair
   - ☐ poor

3. After working with this unit, how would you rate the students' knowledge of the subject matter?
   - ☐ greatly improved
   - ☐ much improved
   - ☐ somewhat improved
   - ☐ not improved

4. In what class did you use this unit?
   - ☐ economics
   - ☐ business ed.
   - ☐ vocational ed.
   - ☐ home ec./consumer ed.
   - ☐ civics/government
   - ☐ other

5. With what grade did you use this unit?
   - ☐ 7 or 8
   - ☐ 9
   - ☐ 10
   - ☐ 11
   - ☐ 12

6. With how many students did you use this unit?
   - ☐ fewer than 30
   - ☐ 30-50
   - ☐ 51-75
   - ☐ 76-100
   - ☐ 101-200
   - ☐ more than 200

Paperwork Reduction Act Notice
We ask for this information so that we may review this Taxpayer Education program and revise it in the future. Your response is voluntary.

OMB No. 1545-0799 Expires 11-30-90

FEED THIS DIRECTION

SCANTRON FORM NO 23192-TMC

UNIT 4 UNDERSTANDING TAXES! EVALUATION FORM

Please indicate your choice by filling in the appropriate box with a #2 pencil.

Name: ____________________

School name: ____________________

School address: ____________________

City: ____________ State: ________ Zip: ________

1. How would you rate the treatment of the subject matter in this unit?
   - ☐ thorough
   - ☐ adequate
   - ☐ too brief
   - ☐ inadequate

2. How would you rate student interest in this unit?
   - ☐ high
   - ☐ good
   - ☐ fair
   - ☐ poor

3. After working with this unit, how would you rate the students' knowledge of the subject matter?
   - ☐ greatly improved
   - ☐ much improved
   - ☐ somewhat improved
   - ☐ not improved

4. In what class did you use this unit?
   - ☐ economics
   - ☐ business ed.
   - ☐ vocational ed.
   - ☐ home ec./consumer ed.
   - ☐ civics/government
   - ☐ other

5. With what grade did you use this unit?
   - ☐ 7 or 8
   - ☐ 9
   - ☐ 10
   - ☐ 11
   - ☐ 12

6. With how many students did you use this unit?
   - ☐ fewer than 30
   - ☐ 30-50
   - ☐ 51-75
   - ☐ 76-100
   - ☐ 101-200
   - ☐ more than 200

Paperwork Reduction Act Notice
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P.O. BOX 1400K
DAYTON, OH 45414

UNIT 5

UNDERSTANDING THE IMPACT OF TAXES

LESSON A TAXES RAISE REVENUE

PURPOSE

To help students understand that taxes are used to raise revenue and transfer resources from use by private individuals to use by various levels of government.

OBJECTIVES
Students will describe taxes as required payments that are used to raise revenues to obtain resources for local, state, and federal governments.

Students will explain how taxation reduces income that would otherwise be available to individuals to purchase goods and services for their personal use.

MATERIALS
A video entitled, "Taxes Raise Revenue."

Student handout 5A, "Tax Revenue and Decision Making in Springville."

Transparencies 1A-1 and 1A-2 from Unit One, Lesson A, can be used effectively with this lesson.

KEY TERMS
Taxes – Required payments of money to governments that are used to provide public goods and services.

Public Goods and Services – Goods and services provided by various levels of government.

OPENING THE LESSON
Put the Key Terms on the chalkboard and review their definitions with students.

Have students develop two lists on the chalkboard. One list should be the taxes they and their parents pay, and the other the goods and services they receive from government agencies. Ask students to watch for examples of taxes and goods and services in the video.

View the video, "Taxes Raise Revenue":

- Caroline Bailey and her daughter Jean live in a rural area. They drive country roads to get to work and school. A bridge on their route often washes out when it storms, but Mrs. Bailey is opposed to having her county tax increased to pay for the bridge's repair. She feels that she has more pressing personal uses for the money that she would have to pay in higher taxes. Jean points out that taxes raise the revenue that pays for public goods and services. She plans to defend collecting tax revenues in an economics class debate. Her opponent in the debate will be her friend Steve Hollander.
- Steve's father, Jim, is chairman of the county council. During a tense council meeting, Caroline Bailey states that she is against increasing government services in general. She also argues that a tax increase would benefit other parts of the county more than her area. Jim Hollander maintains that tax revenues provide services for the entire county, and he argues that these tax revenues are distributed fairly.
- Jean and Steve's economics class debate is about the desirable amount of government goods and services and the taxes necessary to pay for them. Steve Hollander makes many of the points that Mrs. Bailey made at the council meeting, while Jean Bailey supports the position taken by Mr. Hollander. Both Jean and Steve defend their positions well during the debate, and remain friends in spite of their opposing views. Their parents are also able to overlook their differences when Steve and his father help find Jean and bring her home after a minor car accident.

DEVELOPING THE LESSON
Review the video's content with questions such as:

1. What were Caroline Bailey's arguments against increasing county taxes? (She has more pressing personal needs for the money, and she does not think that county services are distributed fairly.)

2. What were Jim Hollander's arguments for increasing county taxes? (The county needs more public goods and services, including bridge repair, and the additional services would benefit everyone.)

3. What points about taxes did Jean make during her debate with Steve? (Taxes pay for government goods and services, such as national defense, social security, public education, health and welfare, police and fire protection, and roads and highways. People cannot obtain public goods and services on their own, but if they want them, they have to be paid for.)

4. What main point about taxes did Steve make during the debate? (People should compare the benefits of an additional tax with the personal things they would have to give up to pay the new tax.)

5. Can students think of alternative ways to solve the bridge problem? (Some possibilities might be to make the bridge a toll bridge and charge only the families who use it or to tax the few families who use the bridge half the amount and tax the rest of the county residents the other half.)

6. Do students support periodic relief and repair payments for flood victims, or would they prefer to use funds to relocate residents of flood-prone areas? Why?

Review the two lists that students developed in the Opening the Lesson activity. Students should try to expand the lists based on examples shown in the video or on examples that may have occurred to them as they watched the video.

If available, use transparency 1A-1, "Federal Taxes and Spending," from Unit One, Lesson A, to review the main sources of federal tax revenue and the main categories of federal government spending. Have students give examples of specific programs in each category.

If available, use transparency 1A-2, "State and Local Taxes and Spending," from Unit One, Lesson A, to review the main sources of state and local tax revenue and the main categories of state and local spending. Again, you may wish to have students give examples of programs in each category; and it might be interesting to have students compare and contrast the main types of state and local taxes with the main types of federal taxes.

Have class members role play the following scenario, "Blazing Taxes":

The Scene
Community meeting in a western town, about 1890.

The Plot
Each person should try to convince the others to support his or her position.

The Roles
Town mayor
Undertaker
Deputy sheriff
School teacher
Saloon owner
Saloon dancer
Storekeeper
Cavalry troopers
Local Indian tribesmen
Family of poor homesteaders
Gunfighter
Sheriff
Cattle rancher
Sheep rancher
Widow on fixed income

Community Needs
Salary for sheriff and deputy
Schoolhouse and one new teacher
Judge and courtroom
New sewage ditches

Each student playing a role should
1) determine the taxes he or she would oppose or support,
2) consider how much he or she would have to pay in taxes, and
3) consider the benefits he or she would expect to receive.

CONCLUDING THE LESSON

Duplicate and distribute student handout 5A, "Tax Revenue and Decision Making in Springville." Divide students into groups. Each group should read the scenario and decide on a group proposal to solve the problem.
Note: This handout is a microcosm that mirrors the problems legislators often face – whether to cut services or raise additional revenue. Students will need to consider the relative merits and costs of the five services listed. They should attempt to be as fair as possible to the people who benefit from the services. Remind students that giving a service money implies that they support that service. If they decide to raise additional revenue, they should be as specific as possible about which taxes would be increased by how much.

After the groups have reached their conclusions, have each group present its proposed solution and the considerations that influenced their decision.

EXTENDING THE LESSON

Ask students to keep a record of the sales tax they pay for a week. Keep a running total for the class on a daily basis. At the end of the week ask students to discuss the impact the total might have on the sale of consumer goods. (Direct students to the understanding that some of the total might be saved.)

Invite community or school officials to explain and discuss the sources of funds used to operate the school. Who might oppose a request for additional funds to build an addition for academics? For extracurricular activities (i.e., music or sports)?

Ask students to poll their parents on how they would have spent the money they paid as taxes. Ask students to identify what groups would benefit from the additional consumer spending.

Ask citizen groups opposed to and in favor of a tax increase to speak to the class.

LESSON B TAXES... CAN THEY BE SHIFTED?

PURPOSE

To help students understand that a tax levied on one person or group may ultimately be paid by others.

OBJECTIVES

Students will point out that all taxes are ultimately paid by individuals.

Students will define direct taxes and give an example of a direct tax.

Students will define indirect taxes and give an example of an indirect tax.

MATERIALS

A video entitled, "Taxes...Can They Be Shifted?"

Transparency 5B, "Direct and Indirect Taxes," showing the flow of money from taxpayers to government.

Student handout 5B, "Direct and Indirect Taxes," on which students classify taxes as direct or indirect.

KEY TERMS

Direct Tax – A tax that cannot be shifted to others. The federal income tax is a good example of a direct tax.

Indirect Tax – A tax that can be shifted to others. Sales taxes and business property taxes are examples of indirect taxes.

Tax Shift – The process that occurs when a tax that has been levied on one person or group is paid by others.

OPENING THE LESSON

Lead a brief class discussion based on the following questions:

1. Have you ever heard people complain that when a business is taxed it simply passes the tax on to customers by charging them higher prices?

2. Do you think this really happens?

3. Can you think of times when you think it has happened to you?

Write the Key Terms on the chalkboard and review them with students. Ask students to watch for examples of these concepts in the video.

View the video, "Taxes...Can They Be Shifted?"

- Alex Lopez is a college freshman who has just rented his first apartment. He begins to learn about indirect taxes when he discovers that his rent is going to be increased by $40 a month. His rent is going up because property taxes on the building have increased.
- Alex asks his sister Tricia to explain why property taxes have caused his rent to go up. She points out that business property taxes are **indirect taxes**, because even though businesses send the money to the government, they get this money from others. Customers may pay higher prices, employees may receive lower wages, and owners may make less profit as a result. Tricia also points out that individual property taxes are **direct taxes**, since the people who send this money to the government cannot pass the tax on to others – they have no customers or employees to pass the tax on to.
- Alex decides to try to talk Mrs. Logan, his landlady, into postponing his rent increase. However, she is firm. Her costs have risen so much that she has had to cut back on the building's services, including the gardener.
- Alex does some research on taxes at the library. He views a video presentation that explains the difference between direct taxes and indirect taxes. (See transparency 5B, "Direct and Indirect Taxes.") Examples of direct taxes shown in the video are the federal income tax and individual property taxes. Examples of indirect taxes shown in the video are sales taxes, payroll taxes, and business property taxes.
- Now that Alex understands the difference between direct and indirect taxes, he can see Mrs. Logan's point of view. He finally thinks of a plan that will enable him to afford his apartment and help Mrs. Logan at the same time.

DEVELOPING THE LESSON

Review the video's content with questions such as:

1. Why was Alex's rent being increased? (Property taxes on the building increased.)

2. Is the property tax on Alex's building an indirect tax? Why? (Yes. Mrs. Logan is shifting part of the tax increase to her tenants by raising the rent.)

3. What is the difference between the property tax on Tricia's house and the property tax on her shop? (The property tax on her shop can be shifted by increasing prices; therefore, it is an indirect tax. The property tax on her home cannot be shifted to anyone else; therefore, it is a direct tax.

4. What are some direct taxes mentioned in the program? (Personal income tax, personal property tax.) What are some indirect taxes mentioned in the program? (Business property tax, sales taxes, payroll taxes.)

Show transparency 5B, "Direct and Indirect Taxes," to reinforce students' understanding of direct and indirect taxes. It will be helpful for students to see this before they complete the student handout.

Duplicate and distribute student handout 5B, "Direct and Indirect Taxes." This handout asks students to classify six different types of taxes as direct or indirect. They are also asked to list the persons or groups who really pay the tax. In some cases, more than one group may be involved. Encourage discussion, and try to get complete answers. You may also ask students to think of other types of direct and indirect taxes not shown in the handout (e.g., direct taxes: estate and inheritance; indirect taxes: excise taxes on gasoline and automobile tires).

Note: Suggested handout answers:

1. Driver's License Fees: Direct. Individual driver pays.
2. Sales Taxes: Indirect. Customers pay higher prices. If sales decline because of the higher prices, employees and owners may also suffer.
3. Personal Income Taxes: Direct. Individual taxpayer pays.
4. Business Property Taxes: Indirect. Customers pay higher prices. If sales decline because of higher prices, employees and owners may also suffer.
5. Personal Property Taxes: Direct. Individual property owner pays.
6. Payroll Taxes: Indirect. Employers receive lower wages and salaries than they would if there were no payroll taxes. If employers and owners have trouble attracting employees at the lower wages, they may absorb part of the cost in the form of lower earnings and profits.

CONCLUDING THE LESSON

Lead a class discussion about the following:

Suppose the legislature in your state is considering increasing (or imposing) a corporate income tax. Where would corporations get the money to pay the tax? Imagine how business managers, stockholders, and consumers might use the idea of tax shifting to: a) argue for or against passing this tax; b) argue for or against increasing the state sales tax; c) argue for or against increasing the state's personal income tax.

Note: Those who favor direct taxes would argue for increasing the personal income tax, which cannot be shifted. The sales tax might be shifted to consumers even more than the corporate income tax, and so managers and stockholders might support increasing that tax instead. Consumers might support the corporate income tax because they think it is better to make stockholders pay more taxes.

EXTENDING THE LESSON

Invite a businessperson to speak to the class about the relationship between indirect taxes and business profits. For example, the person might discuss a tax increase that adversely affected the price and marketability of a product.

Students might prepare and present a debate on the subject "Is tax shifting fair?" Students should include historical examples of indirect taxes in their arguments.

(Optional: For classes with a strong background in economics.) Put the following graph on the chalkboard or a transparency and review it with students. Then have students answer the questions that follow. Remind them that the "Supply + Tax" curve represents a tax increase that changes the product's equilibrium price and equilibrium quantity.

a. How much was the tax imposed on each unit of this product? (10¢.)

b. What was the equilibrium price in this market before the tax was imposed? (50¢. Equilibrium is the point at which the quantity supplied equals the quantity demanded.)

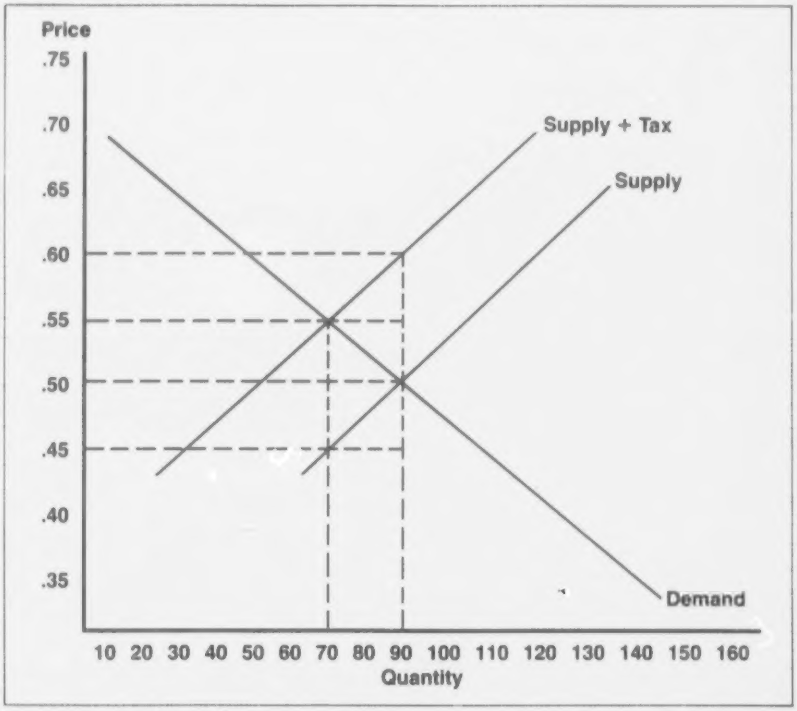
c. What was the equilibrium price after the tax was imposed? (55¢.)

d. What part of the 10¢ tax was paid by producers, and what part by consumers? (Each pays 5¢. The price paid by consumers has increased from 50¢ to 55¢, and the price received by producers after paying the tax has fallen to 45¢.)

e. What was the equilibrium quantity in this market before the tax was imposed? (90 units.)

f. What was the equilibrium quantity after the tax was imposed? (70 units.)

Note: After the tax is imposed, producers do not sell, buyers do not buy, and the government does not collect taxes on the 20-unit difference between "e" and "f."



STUDENT HANDOUT 5A

Tax Revenue and Decision Making in Springville

Imagine that you are a member of the city council in Springville. Springville receives a grant from the federal government to help support public services. However, the federal government is faced with an increasing budget deficit. Rather than raise taxes, Congress has voted to reduce the amount of money it will send to state and local governments next year.

Your job is to decide what to do about the reduced funding for five Springville services. This year, the five services received a total of $60,000. Next year, they will receive a total of $45,000. None of these services can operate if their federal support is cut. The amount they receive for next year must be at least as much as they received this year, or they must be discontinued. Money obtained from a discontinued service can be reallocated to another service if more than $15,000 worth of services are discontinued. Therefore, your choices are:

A. Discontinue the service.

B. Give the service more federal money.

C. Give the service the same amount of federal money.

D. Give the service money raised by a new local tax.

Service	**Amount this year**	**Amount next year**	**How raised? (Federal funds or new local tax)**
Emergency Youth Shelter	$12,000		
Drug Treatment Center	13,000		
Occupational Develop. Center	15,000		
Crisis Pregnancy Center	10,000		
Mental Health Service	10,000		
Totals	**$60,000**	**$45,000**	

Who benefits the most from your plan? Why?

Who will be affected negatively by your plan?

Why?

If you decide on a new local tax, what type of a tax will it be, and who will pay it? Everyone?

Some people, but not others?

UNDERSTANDING THE IMPACT OF TAXES

STUDENT HANDOUT 5B

Direct and Indirect Taxes

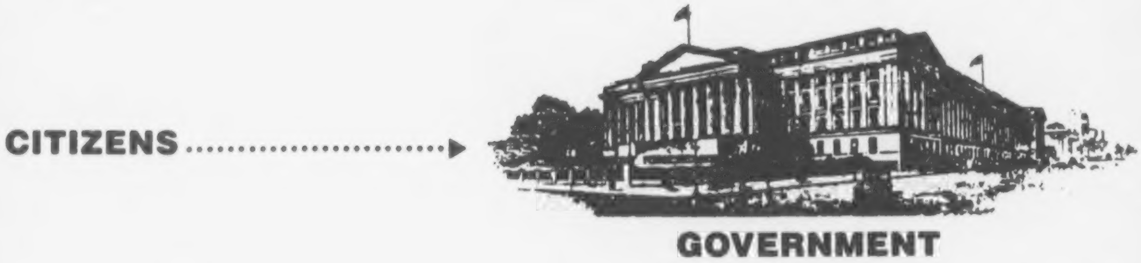
Classify each of the taxes listed below as **direct** or **indirect** by placing an **X** in the appropriate box. Then list the person or group who really pays the tax – **individual taxpayers, consumers, employees, business owners (stockholders).** In some instances, more than one group may be affected.

Type of tax or payment		Direct	Indirect	Who really pays
1. Driver's license fees:	A fixed dollar amount for each driver. The amount varies from state to state.			
2. Sales taxes:	A percentage of a product's pre-tax sales price.			
3. Personal income taxes:	A percentage of each person's taxable income.			
4. Business property taxes:	A percentage of business property value.			
5. Personal property taxes:	A percentage of personal property value.			
6. Payroll taxes:	A percentage of wages and salaries.			

TRANSPARENCY 5B

DIRECT TAXES

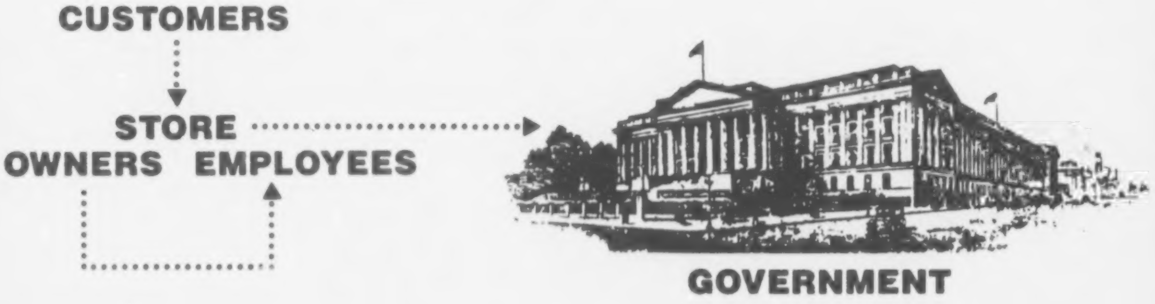
Federal Income Taxes, Personal Property Taxes



CITIZENS → GOVERNMENT

INDIRECT TAXES

Sales Taxes, Payroll Taxes, Business Property



CUSTOMERS

STORE → GOVERNMENT

OWNERS EMPLOYEES

LESSON C TAXES INFLUENCE BEHAVIOR

PURPOSE

To help students understand that taxes and tax reduction influence people's behavior in ways that discourage or encourage certain activities.

OBJECTIVES

Students will describe how taxes on particular goods and services may discourage certain activities, since people can avoid the direct cost of these taxes by not buying or selling goods or services that are taxed.

Students will identify ways in which exemptions and deductions from general taxes encourage certain activities, since people can decide to engage more in the activities that are exempted.

MATERIALS

A video entitled, "Taxes Influence Behavior."

Student handout 5C, "Tax Policy Simulation," with which students role-play a tax review committee.

Student handout 4A-1, "Key Terms," from Unit Four, Lesson A, can be used effectively with this lesson.

KEY TERMS

Taxes - Required payments of money to governments that are used to provide public goods and services.

Tax Deductions, Tax Credits, and Tax Exemptions - Types of tax reductions given by governments to consumers or businesses. (See student handout 4A-1, "Key Terms," from Unit Four, Lesson A for detailed definitions of these terms.)

Tariff Duty (Customs Duty or Import Duty) - Taxes on products imported from foreign countries.

Sales Taxes - Taxes often imposed by state or local governments on products sold at the retail level.

Business Taxes and Payments - These are levied by federal, state, and local governments. They include such payroll taxes as unemployment insurance and worker's compensation, as well as social security taxes, inventory taxes, and corporate income taxes.

Redevelopment Zone - A government designated area (usually in a city) that is declared in need of restoration and revitalization. To encourage restoration, tax reductions are available.

OPENING THE LESSON

Ask students to think about purchases they have made in the past. Has the amount of tax affected their decision to buy?

Write the Key Terms on the chalkboard and review their meanings. Explain to students that the video they are about to view will give examples of how taxes and tax reductions affect decisions consumers and businesses make.

View the video, "Taxes Influence Behavior":

- Carolyn Parrish's father, Rob, has quit his job in a steel mill to open his own restaurant. Carolyn reluctantly agrees to become his partner, even though it means her chances to see her boyfriend David are greatly reduced. Rob doesn't think David is the right boy for his daughter anyway.
- As Carolyn works with her father to get the restaurant started, she has several experiences that show her how taxes influence behavior.
- Import taxes on foreign goods discourage her from buying a French cologne for her father's birthday present. A sales tax causes a customer in their restaurant to buy fewer French fries. Payroll taxes for social security, unemployment compensation, and worker's compensation discourage her father from hiring an additional employee.
- Further examples of taxes influencing behavior are a property tax abatement that encourages Rob to open his restaurant in a redevelopment zone, and a city tax on equipment without pollution controls that influences his purchase of a commercial oven. The video also shows that mortgage interest deductions influence behavior by encouraging home ownership for individuals and reducing costs for business owners. A bank loan officer explains the difference between a tax deduction and a tax credit.
- As their restaurant business booms, Carolyn persuades her father to hire David. His hard work makes a favorable impression on Rob, and as the video ends, Rob and David are discussing whether or not restaurant profits should be invested in a tax-exempt mutual fund.

DEVELOPING THE LESSON

Review the video's content with questions such as:

1. How did the import tax on the European cologne affect Carolyn's decision to purchase a domestic cologne? (The tax on the imported cologne made it too expensive for her to purchase; therefore, she selected a comparable domestic product.)

2. Which items in the video were mentioned as business expenses and therefore deductible items? (Interest on business loans and business purchases of certain equipment.)

3. Was the decision to locate the restaurant in a redevelopment zone affected by taxes? (Yes. The restaurant would receive a special tax break for locating in that particular area, which would make it less expensive to operate the restaurant.)

4. What did the loan officer say difference was between a tax credit and a tax deduction? (The important

difference between a tax credit and a tax deduction is the fact that the value of a tax credit does not depend on the tax bracket of the taxpayer, but the value of a tax deduction does. A tax credit of $100 reduces taxes by $100 for all eligible taxpayers. A tax deduction of $100, however, reduces taxes by $28 for someone in a 28% tax bracket, but by only $15 for someone in a 15% tax bracket.)

Remind students that taxing a product influences people in several ways. Ask students to think about and discuss the effects of a tax increase on an item that they might buy (e.g., a videocassette recorder). Help students to understand that:

- Taxing a product makes its price higher.
- A higher price generally discourages people from buying it.
- Some people can't afford to purchase as much of the product as before.
- People get along without the product or buy substitute products that are less expensive.
- Manufacturers will tend to make less of the product, because fewer people are likely to buy it.

Duplicate and distribute student handout 5C, "Tax Policy Simulation." Divide students into groups. Each group should decide on its tax policy, and be prepared to defend its choice. Have each group present its policy to the class, and discuss its reasoning. How would each group's tax policy affect people's behavior? Have students vote on which tax policy the majority thinks is fairest.

CONCLUDING THE LESSON

As a class, generate two lists on the chalkboard. One list should be items that students think should be encouraged with special tax treatment (e.g., home ownership, child care for working mothers, pollution control equipment, or health foods). The other list should be items they want to discourage (e.g., cigarettes, alcohol, sleeping pills, or imported cars). Students should be able to defend their choices.

EXTENDING THE LESSON

Students might benefit from a visit by a state legislator. The speaker could talk about tax legislation that encourages or discourages particular actions by consumers or businesses.

Have students compile a chart that identifies specific taxes they encounter during a two-week period. Students should identify whether the tax encourages or discourages consumers.

Using a Sunday newspaper have students circle examples of taxes in the news. How does each particular tax influence behavior?

Have students debate the following:

- Your community has the opportunity to attract a new manufacturing plant in your area. The new plant will mean many new jobs but will also cost the city additional police, fire, and sanitation services. Would you be willing to offer this company a tax advantage to locate in your community? Why? What things do you need to consider as you make your decision?

Note: The optional graph exercise shown in Unit Five, Lesson B might also be used with this lesson in classes with a strong economics background.

LESSON D TAXES INVOLVE CONFLICTING GOALS

OBJECTIVES

Students will give an example in which the goal of raising revenue conflicts with the goal of reducing taxes to encourage certain activities.

Students will point out that for a given level of government services, lower taxes for some groups (or activities) imply higher taxes for other groups (or activities).

Students will explain that as the result of special tax treatment of certain activities and different sources of income, people with the same income may pay different amounts of taxes.

MATERIALS

A video entitled, "Taxes Involve Conflicting Goals."

Student handout 4A-1, "Key Terms," from Unit Four, Lesson A can be used effectively with this lesson.

KEY TERMS

Taxes – Required payments of money to governments that are used to provide public goods and services.

Tax Deductions, Tax Credits, and Tax Exemptions – Types of tax reductions given by governments to consumers or businesses. (See student handout 4A-1, "Key Terms," from Unit Four, Lesson A, for detailed definitions of these terms.)

Vertical Equity – The idea that people in different income groups should pay different amounts of taxes, or different percentages of their incomes as taxes. (Unequals should be taxed unequally.)

Horizontal Equity – The idea that people in the same income group should pay the same amount of taxes. (Equals should be taxed equally, or there should be "a level playing field.")

OPENING THE LESSON

Put the following on the chalkboard:

	THE SMITH FAMILY	THE JONES FAMILY
Income	$25,000	$25,000
Dependent Children	2	0
Mortgage Interest Paid	$6,000 (Buying a house)	0 (Rent)

Which family do students think will pay more federal income taxes? (The Joneses will pay more taxes, because they do not have exemptions for dependent children or a deduction for mortgage interest.) Point out that this is an example of conflicting goals – government policy helping people who have children and own homes, while placing more of a burden on the family without children and a home.

Put the Key Terms from the lesson on the chalkboard and review their meanings with students. (If available, refer to student handout 4A-1, "Key Terms," from Unit Four, Lesson A.) Ask students to watch for examples of conflicting goals in the video program.

View the video, "Taxes Involve Conflicting Goals":

- Michael Sims, and his friends Cathy and Eric, have just graduated from high school. All three had been counting on having jobs as summer interns at the community access television station. But when they report for work, Mr. Walken, the station's producer, tells them that because of cutbacks in state and federal funds the summer intern program has been cancelled.
- Michael's mother, an accountant for the state legislature, explains that after recent tax cuts there wasn't enough government money to pay for the summer jobs program. Michael is still upset, and decides to write a newspaper article about what happened to him and his friends.
- Michael's research about the subject leads him to numerous examples of limited tax resources, and he begins to understand that often there are conflicting goals. From a state senator and a small-business owner he learns that special tax reductions are meant to encourage individuals to start businesses. These reductions may mean higher taxes for others even though they have the same income. Legislators also want to keep unpopular tax increases to a minimum, but some programs may be cut – for example, the summer jobs program. A group of students tells Michael that university housing is affordable because it is tax exempt, but the loss in property taxes means less revenue for public goods and services. At a day-care center, Michael learns that such operations are often considered to be charitable organizations, but this tax-exempt status means less revenue for government services.
- Michael's research has been thorough, and after long hours of work his article is finished. Not only is it published, but as a result of its publication he lands a summer job.

DEVELOPING THE LESSON

Review the video's content with questions such as:

1. Why did Michael and his friends lose their summer jobs? (Government funds that had been earmarked for the summer jobs program were exhausted, and no new funds were available.)

2. What did Michael learn about conflicting goals from the university students? (Tax-exempt student dormitories mean loss of government revenue because such housing is exempt from property taxes, but low housing cost made it possible for some students to attend the university who would not otherwise be able to do so.)

3. What did Michael learn at the day-care center? (Charitable organizations are tax exempt, but this status means less revenue for government services.)

4. What are the effects of special tax reductions for new businesses? (They encourage individuals to start businesses, but they also may mean higher taxes for others with the same income.)

5. What did Michael find out about how special interest groups can affect tax rates and allocation of tax revenues? (Special interest groups, through the political process, can affect legislation and therefore increase or decrease the level of government services. This may result in higher taxes for some groups and lower taxes for other groups.)

Ask students how they think people decide whether a tax policy is desirable. How can voters and policymakers evaluate a particular tax policy? Careful decision making, involving the thoughtful evaluation of alternatives, is a valuable skill that can help students – and policymakers – make the best use of resources.

Present one or more of the problems that follow to students for consideration. Have students use the Decision-Making Model to help them organize their thoughts as they think about the problems.

CONFLICTING GOALS DECISION-MAKING MODEL

Step 1.	State the proposed (or existing) tax policy.
Step 2.	State the result that is expected – the goal to be achieved.
Step 3.	State the positive effects of the policy and why.
Step 4.	State the negative effects of the policy and why.
Step 5.	Decide what factors make a tax policy a good one.
Step 6.	Compare the positive and negative effects to the factors identified in Step 5, and decide whether the policy is a good one.

Problem 1. Your state government is considering an increase in state income taxes. This policy would provide more revenue for the state, which in turn would pass more revenue on to county and city governments. At the same time, the amount of money that county and city governments could raise through taxes would be "frozen" at the existing amount. What do you think of this proposed tax policy?

Note: Students should consider the following factors for Step 5 in the decision-making model: local autonomy (county and city governments having a right to make their own decisions), making taxes fairer, lowering total tax collections, and providing better services.

Problem 2. The federal government has proposed a tax reduction for people who buy or own cars that get at least 40 miles to the gallon of gasoline. What do you think of this proposed tax reduction?

Problem 3. Your state government has proposed a tax credit for businesses that install extra insulation in their buildings. The credit would not apply to private homes. What do you think of this proposed tax policy?

CONCLUDING THE LESSON

Ask students to evaluate the benefits and costs of the following tax reductions:

1. The deduction for interest paid on loans other than home mortgages.

2. Child-care credits.

3. Credits for energy-saving devices.

4. Personal exemptions for the blind and elderly.

Have the class vote to determine whether a majority supports or opposes each of these policies. Then discuss any differences of opinion, emphasizing the idea of trade-offs.

EXTENDING THE LESSON

Have students write analyses of the following scenario:

- Suppose tax reductions are granted to individuals on interest earned from the savings they accumulate. The tax reductions are meant to encourage individual savings, higher levels of capital investment by businesses, and increased financial security for families. What are the trade-offs associated with a policy that promotes such important benefits? Is it a fair policy?

(In the short run, tax revenues will be reduced. However, other taxes would have to be increased to increase total revenues to the current level, or government services would have to be curtailed. Also, if savings increase, personal consumption levels might fall. This would mean that some businesses that provide consumer products would face a period of lower income and employment levels. Businesses that make capital goods might earn higher profits and increase employment if the increased savings were to be invested in new plants and equipment.)

Have students follow the progress of a currently proposed tax policy. Students may want to develop a scrapbook documenting the opposing arguments of special interest groups.

STUDENT HANDOUT 5C

Tax Policy Simulation

Imagine that you are a member of a tax review committee. Your committee's job is to review an existing **hypothetical** tax policy and make recommendations by filling in the columns for **your tax policy.**

You should:

1. Change the existing tax policy to reflect the items you want to encourage or discourage, but **your total tax revenue must remain the same as the existing total.**
2. Add or increase a tax to discourage the product or activity.
3. Give a tax deduction to encourage the product or activity.
4. Leave the product or activity alone if you don't want to encourage or discourage it with a tax or a tax deduction.

Product or activity	Existing policy	Effect	Amount of revenue gained or lost	Your tax policy	Effect	Amount of revenue gained or lost
1. Alcoholic beverages	Tax	Discourage	+ $7,000			
2. Movie theater tickets	Tax	Discourage	+ $1,000			
3. Video movie rentals	Leave alone	None	0			
4. Gasoline	Tax	Discourage	+ $10,000			
5. Charitable contributions	Deduction	Encourage	– $2,000			
6. Personal computers	Leave alone	None	0			
7. Child-care expenses of working mothers	Deduction	Encourage	– $6,000			
		Total tax revenue	**+ $10,000**		**Total tax revenue**	**+ $10,000**

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SCANTRON

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UNIT 5

UNDERSTANDING TAXES!

EVALUATION FORM

Name: ______________________________

School name: ______________________________

School address: ______________________________

City: ______________ State: __________ Zip: __________

Please indicate your choice by filling in the appropriate box with a #2 pencil.

1. How would you rate the treatment of the subject matter in this unit?
   ☐ thorough ☐ adequate
   ☐ too brief ☐ inadequate

2. How would you rate student interest in this unit?
   ☐ high ☐ good
   ☐ fair ☐ poor

3. After working with this unit, how would you rate the students' knowledge of the subject matter?
   ☐ greatly improved ☐ much improved
   ☐ somewhat improved ☐ not improved

4. In what class did you use this unit?
   ☐ economics ☐ business ed. ☐ vocational ed.
   ☐ home ec./consumer ed. ☐ civics/government ☐ other

5. With what grade did you use this unit?
   ☐ 7 or 8 ☐ 9 ☐ 10
   ☐ 11 ☐ 12

6. With how many students did you use this unit?
   ☐ fewer than 30 ☐ 30-50 ☐ 51-75
   ☐ 76-100 ☐ 101-200 ☐ more than 200

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UNIT 5

UNDERSTANDING TAXES!

EVALUATION FORM

Name: ______________________________

School name: ______________________________

School address: ______________________________

City: ______________ State: __________ Zip: __________

Please indicate your choice by filling in the appropriate box with a #2 pencil.

1. How would you rate the treatment of the subject matter in this unit?
   ☐ thorough ☐ adequate
   ☐ too brief ☐ inadequate

2. How would you rate student interest in this unit?
   ☐ high ☐ good
   ☐ fair ☐ poor

3. After working with this unit, how would you rate the students' knowledge of the subject matter?
   ☐ greatly improved ☐ much improved
   ☐ somewhat improved ☐ not improved

4. In what class did you use this unit?
   ☐ economics ☐ business ed. ☐ vocational ed.
   ☐ home ec./consumer ed. ☐ civics/government ☐ other

5. With what grade did you use this unit?
   ☐ 7 or 8 ☐ 9 ☐ 10
   ☐ 11 ☐ 12

6. With how many students did you use this unit?
   ☐ fewer than 30 ☐ 30-50 ☐ 51-75
   ☐ 76-100 ☐ 101-200 ☐ more than 200

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UNIT 6

UNDERSTANDING FAIRNESS ISSUES

LESSON A TAXES AFFECT DIFFERENT INCOME GROUPS

PURPOSE

To help students understand that taxes can have different effects on different income groups.

OBJECTIVES

Students will define and give an example of each of the following, using income as a measure of ability to pay:

- A progressive tax
- A regressive tax
- A proportional tax

Students will explain how a mixture of regressive and progressive taxes could combine to make our overall tax system roughly proportional.

MATERIALS

A video entitled, "Taxes Affect Different Income Groups."

Student handout 6A, "Analyzing Specific Tax Situations."

Student handout 4A-1, "Key Terms," from Unit Four, Lesson A, can be used effectively with this lesson.

KEY TERMS

Progressive Tax – A tax that takes a larger percentage of income from high-income groups than from low-income groups.

Regressive Tax – A tax that takes a larger percentage of income from low-income groups than from high-income groups.

Proportional Tax – A tax that takes the same percentage of income from all income groups.

Vertical Equity – The idea that people in different income groups should pay different amounts of taxes, or different percentages of their incomes, as taxes. (Unequals should be taxed unequally.)

OPENING THE LESSON

Lead a brief class discussion about the statement, "The rich should pay higher taxes than other income groups." Try to clarify what the students think is meant by "rich," and try to distinguish between the total number of dollars paid in taxes and the percentage of total income paid in taxes. If students agree with the statement, discuss what percentage of income they think would be a fair tax on the rich and other income groups.

Put the Key Terms for this Lesson on the chalkboard and review their meanings with students. Ask students to watch for examples of each of these concepts in the video. (If available, you might want to use handout 4A-1, "Key Terms," from Unit Four, Lesson A, to emphasize the definitions of regressive and proportional taxes.)

View the video, "Taxes Affect Different Income Groups":

- The governor in this story has a problem. His government is running out of money because the taxes he has levied on his subjects have not brought in enough revenue. In an attempt to solve the problem, he issues a proclamation. He will award special favors to anyone who can come up with a fair and workable tax system.

  Tax specialists and economists come from far and near to compete for the governor's favors. First, a tax consultant proposes that the government assess a fixed amount of tax from everyone – a regressive tax. Many citizens don't like this system because it takes a larger percentage of income from low-income groups than from high-income groups.
- Next, an economist proposes that the system be reversed; as income gets higher, so does the percentage of tax levied – a progressive tax. Again, some citizens don't like the system because it takes a larger percentage of income from high-income groups than from low-income groups.
- Finally, a young waitress – an unlikely candidate – proposes combining the regressive and progressive taxes so they would take the same percentage of income from all income groups – a proportional tax system. This system is popular with the citizens.
- A narrator points out that taxes in the U. S. are a combination of these three types of taxes, but overall our tax system tends to be roughly proportional.

DEVELOPING THE LESSON

Review the video's content with questions such as:

1. Why didn't the citizens like the tax consultant's proposal that the government assess everyone the same amount? (It was a regressive tax. It took a larger percentage of income from low-income groups than from high-income groups.)

2. Why didn't the citizens like the economist's proposal that as income increased, so did the percentage of tax? (It was a progressive tax. It took a larger percentage of income from high-income groups than from low-income groups.)

3. Why did the citizens like the waitress's proposal? (It was a proportional tax. It took the same percentage of income from all income groups.)

4. Can students think of examples of progressive and regressive taxes in the U.S.? (The federal income tax is a progressive tax. Social security taxes, excise taxes, and sales taxes are regressive. See the answers for student handout 6A, "Analyzing Specific Tax Situations," below.)

Put the following chart on the chalkboard. Have students rank taxes A, B, C, and D on a continuum from most regressive to most progressive. Remind them that it is the percentage of income paid in taxes that is important in determining regressivity and progressivity.

TAX DOLLARS COLLECTED				
Family Income	Tax A	Tax B	Tax C	Tax D
1,000	500	500	100	100
5,000	500	1,000	500	600
10,000	500	2,000	1,000	1,300
20,000	500	4,000	2,000	2,800

(Tax A is most regressive, then Tax B, then Tax C [which is proportional], and finally Tax D [which is progressive].)

Duplicate and distribute student handout 6A, "Analyzing Specific Tax Situations." Use the suggested answers below to guide the student discussion to an agreement on the questions posed in the handout.

1. **More Progressive.** More low-income earners will be removed from the tax roles because their income is below the amount needed to incur a tax liability.

2. **Proportional.** It took the same percentage (7.15%) of all wage and salary income over this range.

3. **Regressive.** They paid no Social Security tax on wage and salary income over $43,800, and so their average tax rate would be lower than the rate for people who earned less than $43,800.

4. **Regressive.** They pay no Social Security tax on the interest and dividend part of their income, and so their average tax rate would be lower than the rate for people who do not receive any interest or dividend income.

5. **Regressive.** It takes a higher percentage of low incomes (1.0%) than of high incomes (0.5%).

6. **Regressive.** It is most likely that low-income groups would spend a larger proportion of their income on the taxed items than high-income groups.

CONCLUDING THE LESSON

Give students the following statement and question about the federal income tax:

- **Statement**
  Itemized deductions enable some federal taxpayers to reduce their tax liability by deducting expenditures for certain activities. In a progressive tax structure, a tax deduction is worth more to a taxpayer in a higher tax bracket than a taxpayer in a lower tax bracket.
- **Question**
  Would increasing the number and the amount of itemized deductions make the federal income tax system more progressive or less progressive? Why? (Less progressive. Increasing itemized deductions would reduce the tax liability of high-income groups more than it would reduce the tax liability of low-income groups.)

The narrator in the video program points out that the total tax system in the U. S. is roughly proportional. Can students explain in their own words what this means? Do they think that a proportional tax system is fair? (The mixture of progressive, regressive, and proportional taxes in the U. S. results in an overall tax system that is considered by most observers to be broadly proportional.)

EXTENDING THE LESSON

Lead a class discussion about the following:

- Since a progressive tax such as the federal income tax is acceptable to many people in the U. S., does it also make sense to adopt progressive price structures on consumer goods and services? For example, should high-income families pay a higher price for cars, electricity, groceries, and housing than low-income families?

Note: To some degree this is already done through assistance programs such as food stamps, Medicaid, and subsidized housing that provide low-income families with basic goods and services at little or no cost to them. Although these programs redistribute income, they may distort economic incentives and usually restrict choices available to the poor on how to spend their income.

LESSON B TAXES... WHAT IS FAIR?

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PURPOSE

To help students understand that competing values make it difficult to define a "fair tax," but that benefits received and ability to pay can be used as criteria for tax fairness.

OBJECTIVES

Students will identify one criterion of tax fairness as benefits received.

Students will identify a second criterion of tax fairness as ability to pay.

Students will distinguish between wealth and income as measures of ability to pay.

MATERIALS

A video entitled, "Taxes...What is Fair?"

Student handout 6B, "What Is Fair?," on which students identify the rationale for and rate the fairness of a variety of taxes.

KEY TERMS

Benefits Received – A criterion of tax fairness holding that people should pay taxes in rough proportion to the benefits they receive from government goods and services.

Ability to Pay – A criterion of tax fairness holding that people with different amounts of wealth or different amounts of income should pay different amounts of taxes.

Ability to Pay Based On Wealth – People who have more wealth – assets and property such as houses, cars, stocks, bonds, savings accounts, or valuables -- should pay more taxes.

Ability to Pay Based on Income – People who have more income – wages, rents, interest, profits, or other payments – should pay more taxes.

BEGINNING THE LESSON

Explain to students that this program is about two criteria that can be used to decide if a tax is fair. Have the class generate two lists and write them on the chalkboard. One list should be headed "What is a fair tax?" and the other "What is an unfair tax?" (For example, some students might think that a fair tax is one in which everyone is taxed the same amount, while others might think that an unfair tax is one in which low-income people pay the same amount as high-income people.) Then ask students whether the items listed suggest any general criteria about what makes a tax fair or unfair. Ask whether students agree about what makes a tax fair, and point out that it is difficult to get people to agree on this topic.

Put the Key Terms for this lesson on the chalkboard and review their meanings with students. Ask students to watch for examples of these concepts in the video.

View the video, "Taxes...What Is Fair?":

- The program's host introduces and defines two criteria of tax fairness – benefits received and ability to pay based on wealth (assets) or income. He explains that benefits received means that the people who benefit from a government service should pay for it, such as drivers paying for highway construction and maintenance. Ability to pay means that people with different amounts of income or wealth should pay different amounts of taxes. Several vignettes illustrate how these criteria are reflected in specific taxes most people pay. The examples show why people sometimes feel the taxes they pay are unfair, but also illustrate how difficult it is to apply either criterion to all taxes.
- At the local gas station, Linda Arnold, a student with a part-time job, notices the cost of gasoline has gone up. She wonders whether it is fair that she must pay the same amount of increased gasoline tax as her higher-income neighbor, Mr. Sackler. If the gasoline tax is judged according to benefits received, it is fair to both Linda and Mr. Sackler. However, if it is judged according to ability to pay, it is not fair to Linda.
- Later, at home, Jack Sackler complains that his increased property taxes are helping to build a new school, but he doesn't have children to benefit from the school. The host also points out that if ability to pay is based on wealth (assets), the property tax is fair, since property of the same value is taxed the same. However, if ability to pay is based on income, it is not fair to those with lower incomes.
- When Linda receives her paycheck from her waitress job, it has been reduced by tax withholding. She questions what she is really getting for all the taxes she pays. The program demonstrates that fair tax criteria often conflict, and that trade-offs are inevitable.

DEVELOPING THE LESSON

Review the video's content with questions such as:

1. Was the increased gasoline tax fair to Linda? (If judged by benefits received, it was fair, because Linda used the roads that the gasoline tax was used to pay for. If judged by ability to pay, it was unfair, because Linda's income is lower than that of other motorists who paid the same amount of tax.)

2. Was the increased property tax fair to Mr. Sackler? (If it was judged by ability to pay, it was fair. If it was judged by benefits received, its fairness depends on how one views the benefits of public education.)

3. What did the host say the two ways to determine ability to pay are? (Ability to pay based on wealth [assets] and ability to pay based on income.)

4. Do you think Linda and Mr. Sackler would agree about what a fair tax is? (Linda would probably opt for a tax based on ability to pay, while Mr. Sackler would probably prefer a tax based on benefits received.) How could this difference of opinion be resolved? (Through the political process, with interested parties trying to influence tax policy.)

Have students review the two lists prepared in the Opening the Lesson activity and decide which items relate to benefits received and which to ability to pay. Do the lists suggest any other criteria of tax fairness?

Duplicate and distribute student handout 6B, "What Is Fair?" This handout asks students to identify the basic rationale for each of seven specific taxes, and to indicate whether they think each tax is fair or unfair. Students may be uncertain about the basic rationale and/or fairness of some of these taxes. Encourage discussion, and try to get agreement on student answers.

Note: Suggested handout answers:

1. Driver's license fees: **BR.** "Fair" if students think that the fees are used for services that benefit drivers. "Unfair" or "?" if students think that the fees should be based on the ability to pay.

2. Personal property taxes: **APW.** "Fair" if students think that wealthy people with property should be taxed more than people without property. The answer would be "?" if it's not clear what the property tax receipts are used for, and students think that taxes should be based on benefits received.

3. Personal income taxes: **API.** "Fair" if students think that people with high incomes should be taxed more than people with low incomes. The answer would be "?" if it's not clear what the income tax receipts are used for, and students think that taxes should be based on benefits received.

4. Hunting license fees: **BR.** "Fair" if students think that the fees are used for services that benefit hunters. "Unfair" or "?" if students think that the fees should be based on the ability to pay.

5. Inheritance taxes: **APW.** "Fair" if students think that wealthy people who have large estates to pass on to their heirs should be taxed more than people who do not. (The heirs do nothing to "earn" the wealth that is left them.) "Unfair" if students think that people who have worked hard to accumulate wealth should be allowed to leave their estates to whomever they want to without being penalized.

6. Sales taxes with all retail items covered, and...

7. Sales taxes with some "basic necessities" not covered: ?. Sales taxes are based more on political support for paying taxes in small amounts at a time and ease of collection than on either benefits received or ability to pay. Sales taxes with no exemptions hit low-income groups harder than sales taxes that exempt certain "basic necessities," such as food and medicine. Therefore, students may think that tax 7 is "fairer" than tax 6.

CONCLUDING THE LESSON

As a class, discuss whether the following historical and fictional characters would support or oppose taxes based on the ability-to-pay criterion:

1. Robin Hood (Legendary English outlaw who robbed from the rich to give to the poor.)

2. John Calvin (Religious reformer who opposed self-indulgence, believed in thrift and hard work, and believed that material success reflected a good spiritual life.)

3. Aristotle (Philosopher who believed that virtue is the middle ground between extremes.)

EXTENDING THE LESSON

Organize a class debate about the following proposition:

- "Resolved, that United States tax policy – including federal, state, and local taxes – will be restructured so that 90% of all tax revenues will be based on the benefits-received criterion."

Students should consider the proposition's implications carefully, including the following:

1. Is it possible to determine how much each individual benefits from some government programs, such as national defense, police protection, etc.?

2. Would only people with children pay for schools? Do others benefit from education? Should they pay?

3. Would only drivers be taxed for highway repairs? Do others benefit from highways? Should they pay?

STUDENT HANDOUT 6A

Analyzing Specific Tax Situations

A series of statements and questions about different tax situations is presented below. Read the background information and the statements for each situation, and then prepare an answer for each question. Compare your answers with those of other students. Discuss any differences that occur, and see if you can reach agreement after your discussion.

The federal income tax

The federal income tax is a progressive tax. Income in higher **taxable income** brackets is taxed at a higher rate than income in lower **taxable income** brackets. The difference between a person's total income and their taxable income affects the overall progressiveness of the federal income tax system.

Statement: In 1987, single taxpayers were allowed a personal "exemption" of **$1,900** and a "standard deduction" of **$2,540.** This meant that, in 1987, a single taxpayer could earn up to **$4,440** without incurring a federal income tax liability. Both the personal exemption and the standard deduction are scheduled to increase in future years.
Question 1: Other things constant, will an increase in the amount of income that people can earn before incurring a tax liability make the federal income tax more progressive or less progressive? Why?

The federal Social Security tax

The federal Social Security tax is a payroll tax levied on employers, employees, and certain self-employed individuals. The statements below refer only to the employees' part of this tax.

Statement: In 1987, the employees' part of the Social Security tax was **7.15%** of the first **$43,800** earned in wages and salaries.
Question 2: Over the wage and salary income range of **$0 - $43,800** was the Social Security tax regressive, progressive, or proportional? Why?

Statement: In 1986, some employees earned wage and salary incomes higher than the **$43,800** ceiling.
Question 3: For these employees, was the Social Security tax regressive, progressive, or proportional? Why?

Statement: The employees' part of the Social Security payroll tax applies only to wage and salary income. Some people receive income from interest and dividend payments, but they do not have to pay any Social Security tax on this income.
Question 4: For these people, is the Social Security tax regressive, progressive, or proportional? Why?

A state gasoline tax

The following situations occured in a state in which there is a **10¢** per gallon excise tax on gasoline.

Driver A has a total income of **$5,000** a year, and spends **$50** on state gasoline taxes. This represents **1.0%** of this driver's total income.

Driver B has a total income of **$10,000** a year, and spends **$75** on state gasoline taxes. This represents **0.75%** of this driver's total income.

Driver C has a total income of **$20,000** a year, and spends **$100** on state gasoline taxes. This represents **0.5%** of this driver's total income.

Question 5: Using the information provided above, is the state gasoline tax regressive, progressive, or proportional? Why?

Question 6: Do you think that excise taxes on consumer products other than gasoline (such as automobile tires, tobacco products, distilled spirits, etc.) would be most likely to be regressive, progressive, or proportional? Why?

STUDENT HANDOUT 6B

What Is Fair?

Indicate whether you think the basic rationale for each of the taxes or payments listed below is benefits received **(BR),** ability to pay based on wealth **(APW),** ability to pay based on income **(API),** or uncertain **(?)** by placing the appropriate letters or a **"?"** in the column headed "Basic Rationale."

Indicate whether you think each tax is fair **(F),** unfair **(U),** or uncertain **(?)** by placing the appropriate letter or a **"?"** in the column headed "Fairness Rating."

Compare your answers with those of other students. Discuss any differences or uncertainties that occur, and see if you can reach agreement after your discussion.

Type of tax or payment		**Basic rationale**	**Fairness rating**
1. Driver's license fees:	A fixed dollar amount for each driver. The amount varies from state to state.		
2. Personal property taxes:	A percentage of personal property value over and above any allowable exemptions.		
3. Personal income taxes:	A percentage of each person's taxable income.		
4. Hunting license fees:	A fixed dollar amount for each hunter. The amount varies from state to state.		
5. Inheritance taxes:	A percentage of an estate's value over and above any allowable exemptions.		
6. Sales taxes (with all retail items covered):	A percentage of retail products' pre-tax sales price.		
7. Sales taxes (with some "basic necessities" such as food and medicine not covered):	A percentage of covered retail products' pre-tax sales price.		

UNIT
6

UNDERSTANDING TAXES!
EVALUATION FORM

Please indicate your choice by filling in the appropriate box with a #2 pencil.

Name: ____________________

School name: ____________________

School address: ____________________

City: ____________ State: ________ Zip: ________

1. How would you rate the treatment of the subject matter in this unit?

☐ thorough ☐ adequate
☐ too brief ☐ inadequate

2. How would you rate student interest in this unit?

☐ high ☐ good
☐ fair ☐ poor

3. After working with this unit, how would you rate the students' knowledge of the subject matter?

☐ greatly improved ☐ much improved
☐ somewhat improved ☐ not improved

4. In what class did you use this unit?

☐ economics ☐ business ed. ☐ vocational ed.
☐ home ec./consumer ed. ☐ civics/government ☐ other

5. With what grade did you use this unit?

☐ 7 or 8 ☐ 9 ☐ 10
☐ 11 ☐ 12

6. With how many students did you use this unit?

☐ fewer than 30 ☐ 30-50 ☐ 51-75
☐ 76-100 ☐ 101-200 ☐ more than 200

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UNIT
6

UNDERSTANDING TAXES!
EVALUATION FORM

Please indicate your choice by filling in the appropriate box with a #2 pencil.

Name: ____________________

School name: ____________________

School address: ____________________

City: ____________ State: ________ Zip: ________

1. How would you rate the treatment of the subject matter in this unit?

☐ thorough ☐ adequate
☐ too brief ☐ inadequate

2. How would you rate student interest in this unit?

☐ high ☐ good
☐ fair ☐ poor

3. After working with this unit, how would you rate the students' knowledge of the subject matter?

☐ greatly improved ☐ much improved
☐ somewhat improved ☐ not improved

4. In what class did you use this unit?

☐ economics ☐ business ed. ☐ vocational ed.
☐ home ec./consumer ed. ☐ civics/government ☐ other

5. With what grade did you use this unit?

☐ 7 or 8 ☐ 9 ☐ 10
☐ 11 ☐ 12

6. With how many students did you use this unit?

☐ fewer than 30 ☐ 30-50 ☐ 51-75
☐ 76-100 ☐ 101-200 ☐ more than 200

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Addresses and Telephone Numbers for IRS Taxpayer Education Coordinators

Unless otherwise noted telephone numbers are not toll free and will involve long distance charges to callers outside of the local calling area. Contacts by mail should be made to the attention of the *"Taxpayer Education Coordinator."*

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500 22nd St., S., Stop 117
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(809) 498-5946

Other:

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950 L'Enfant Plaza
Washington, DC 20024
Attn: IN:C:TPS
(202) 287-4507

Joint Council on Economic Education
432 Park Avenue South
New York, New York, 10016
(212) 685-5499

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